

Canadian
Taxpayers
FEDERATION

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THE TAXPAYER

Nov/Dec 2008

What's Next?

In This Issue:

- The Conservatives ponder a tight budget and their own version of a carbon tax
- MP pension and severance jackpot

Photo: CP Images

From the editor

Troy Lanigan is the CTF's
National Communications Director
tlanigan@shaw.ca



So many hobgoblins

Remember the over-population crisis? We were warned in the 1970's that unless immediate measures were taken the Earth would soon run out of resources. Then it was Y2K, followed by global warming, terrorism, mad cow, bird flu, light bulbs, mercury, asbestos, baby bottles, bank failures ... deep breath.

All of these crises tend to cluster around a couple themes: they involve big government solutions, regulation, often a suspension of our liberties, have no price tag attached, require a "global solution" and more often than not are anti-capitalist.

Consider the "global financial melt-down" to use one of the more hysterical phrases. Literally trillions of tax dollars — many of them to be paid for by future generations — thrown into central banks, deposit insurance, loan guarantees, bail-outs, buy-outs and my favourite "stimulus packages."

Today, governments around the globe almost compete with one another over who can be more overreaching as they lurch recklessly from one crisis to the next with little abandon, due process or consideration of outcome.

It was interesting to observe how in the recent federal election; Canada's relative insulation from

events in United States instead of being a source of national pride fostered a sense of national disappointment. It was though we too wanted to be part of the "crisis" with our government "acting decisively." And "decisively" they will act if we let them.

A speech I heard recently quoted the great H.L. Mencken: "The whole aim of practical politics is

“Today, governments around the globe almost compete with one another over who can be more overreaching as they lurch recklessly from one crisis to the next with little abandon”

to keep the populace alarmed, and hence clamorous to be lead to safety, by menacing it with an endless series of hobgoblins."

In truth, the majority of these hobgoblins are completely overblown if not outright imaginary.

■ ■ ■

As we close out 2008, we say farewell to a CTF board member and two CTF staffers.

Nick Loenen of Richmond, BC steps down after having served seven years. A jack of many trades and a long record of public service, CTF supporters will know Nick for his many contributions in support of voting reform. We thank Nick for the many hours he

volunteered for this organization and wish him and Jane well.

How does one describe our former Manitoba director Adrienne Batra? Tenacious? Colourful? I suspect Premier Doer might have some different words. She started with us as a researcher in Regina and worked her way up to provincial director. A remarkable ability with sound bites she earned a prominent profile for herself and the organization. We wish her and "Fun Andy" all the best in Toronto.

John Williamson will not be easily replaced. Starting in Ontario in 2001, then to Ottawa in 2004 as our chief spokesperson, John elevated this organization's credibility and contributed more than anyone else to cementing our non-partisan credentials. A fantastic writer and committed advocate, we wish John good luck with his studies in London, England.

■ ■ ■

With so much that is uncertain in the world, there lies comfort in the surrounding of family, friends, and neighbours. Let us reflect and be grateful for what we are blessed to have. And with that, all of us here at the CTF wish you the very best of the holiday season.

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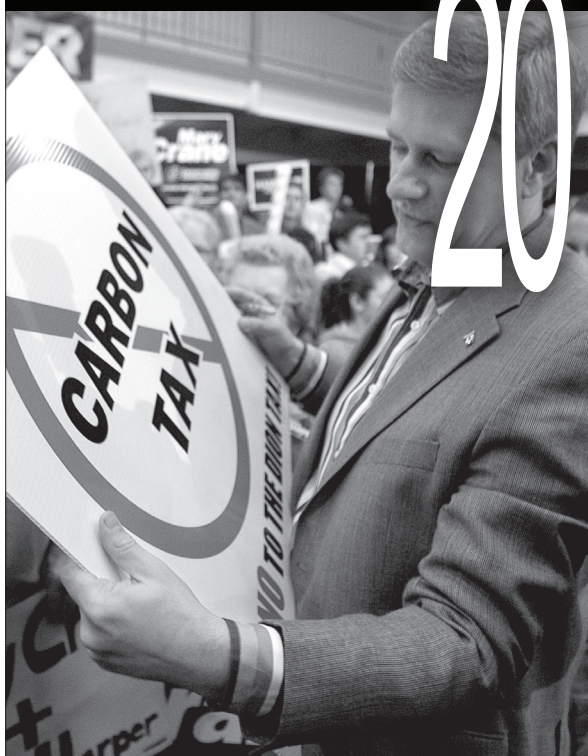
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For more information or to contact the CTF:

Saskatchewan / Administration: #105 - 438 Victoria Avenue East,
Regina, Saskatchewan S4N 0N7 PH: (306) 352-7199
British Columbia: P.O. Box 20539, Howe Street RPO, Vancouver, BC
V6Z 2N8 PH: (604) 608-6770
Alberta: #202 - 10621 - 100th Ave., Edmonton, Alberta T5J 0B3
PH: (780) 448-0159
Manitoba: #212 - 428 Portage Avenue, Winnipeg, Manitoba R3C 0E2
PH: (204) 982-2150

Ontario: Suite 1140 - 2255 B Queen Street E., Toronto, Ontario
M4E 1G3 PH: (416) 203-0030

Federal: #512 - 130 Albert Street, Ottawa, Ontario K1P 5G4
PH: (613) 234-6554

Web site: www.taxpayer.com

E-mail: admin@taxpayer.com

The missing election issue of debt

Prime Minister Harper has to realize that the worst threat to future generations is being saddled with a debt. Medicare, the environment, the "arts" are not sustainable if we are spending billions of dollars on interest payments.

*E. Roth
Edmonton, Alberta*

The price of political retirement

I would like to see your group release a report on MP salaries and pension benefits. I understand retired MP Bill Blaikie will be receiving over \$130,000 in pension benefits fully indexed. This is completely ridiculous.

As for salaries of \$150,000, most of these people running for office could never get a job in the real world paying that kind of money. I suspect many of them could not organize a two-car funeral.

*Bruce Letendre
Peachland, BC*

The cost of tax collection

I, like many other people, are sick of collecting GST.

I especially resent the fact that as a small business owner, I am responsible to track all the tax collected or collectable, and pay it to the govern-

ment before I even collect it myself! So in essence I am bankrolling the system who is charging me interest and penalties if I don't get it in on time or make a mistake!

It is always irritating to do the GST, but what really burns me is that I'm doing all this for free! I'm not getting paid for my time. They not only get my tax dollars, but they get my time as well.

*Nathan Hatch
Valleyview, Alberta*

To carbon tax or not to carbon tax

I'm a supporter of the CTF but disagree with your opposition to carbon taxes. While it is true what you say about the costs going up, you are not offering any idea on how to reduce greenhouse gases. You are becoming part of the problem. I feel like a carbon tax would force people to start using transit and buying cars and trucks that are less polluting.

*Gerry Trudeau
Winnipeg, Manitoba*

I'm not sure how the federal Tories can oppose

carbon taxes while at the same time promote their own convoluted proposals for reducing greenhouse gas. Personally I think the entire problem is so overblown as to be a joke. But Harper shouldn't be talking out of both sides of his mouth.

*Sharon MacLise
Edmonton, Alberta*

Perhaps it's time truckers took a "pollution holiday" (to help clean up the environment of course) and apologize to everyone for causing such damage to the planet.

If the nation were without goods, groceries, gas, medicine and supplies for a while, I wonder how much "global warming" would matter. If government revenues generated from commerce greased by the trucking industry were to halt, I wonder how much "global warming" would matter.

Truckers deliver everything we consume and 99% of the raw materials used to produce goods. And oh yes, truckers haul cargo from the airlines, ships, and trains to local destinations as well.

Truckers as much as anyone has to put up with taxation, regulations, border restrictions and now nagging, sanctimonious busy-bodies in the "green movement." Listen up Suzuki!

*J. Kallal,
Coaldale, Alberta*

I whole heartedly agree with Peter Bowen's letter in the July/August *Tax-*

Letters-to-the-editor

Letters may be edited for length, content and clarity.

Send your letters to:

The Taxpayer

c/o #105-438 Victoria Ave E.

Regina, SK S4N 0N7

Fax: (250) 881-1108

e-mail: letters@taxpayer.com

payer "Jack up Gas Taxes". While I'm not as concerned about CO2, I am concerned about the air quality of our cities along with the wasteful habits of society when it comes to transportation and energy use of all kinds.

My long time support of the CTF has been mainly out of concern about the many wasteful ways in which our dollars are squandered rather than about the level of taxation. I am quite agreeable to paying taxes so long as they are applied to good things like housing the homeless, safe streets, a sustainable environment, debt retirement and so on.

Everett Paynter
Cochrane, Alberta

management of public money. It seemed to me that the art form was less important than learning the ropes as to how to apply for money.

While working for the Saskatoon Symphony Orchestra (SSO) I watched first hand as money was wasted in a hyper-unionized environment. For example, the orchestra's collective agreement guarantees 200 services (a service is a rehearsal or a concert – measured in 2 ½ hour segments). Yet, the SSO only uses about 115 of these services annually. So while the board, musicians and management go public saying they desperately need more funding to get by, they are, at the same time, spending hundreds of thousands of dol-

lars to pay artists to stay at home and do nothing! Having conducted just about every orchestra in Canada I can assure you the Saskatoon Symphony is not alone.

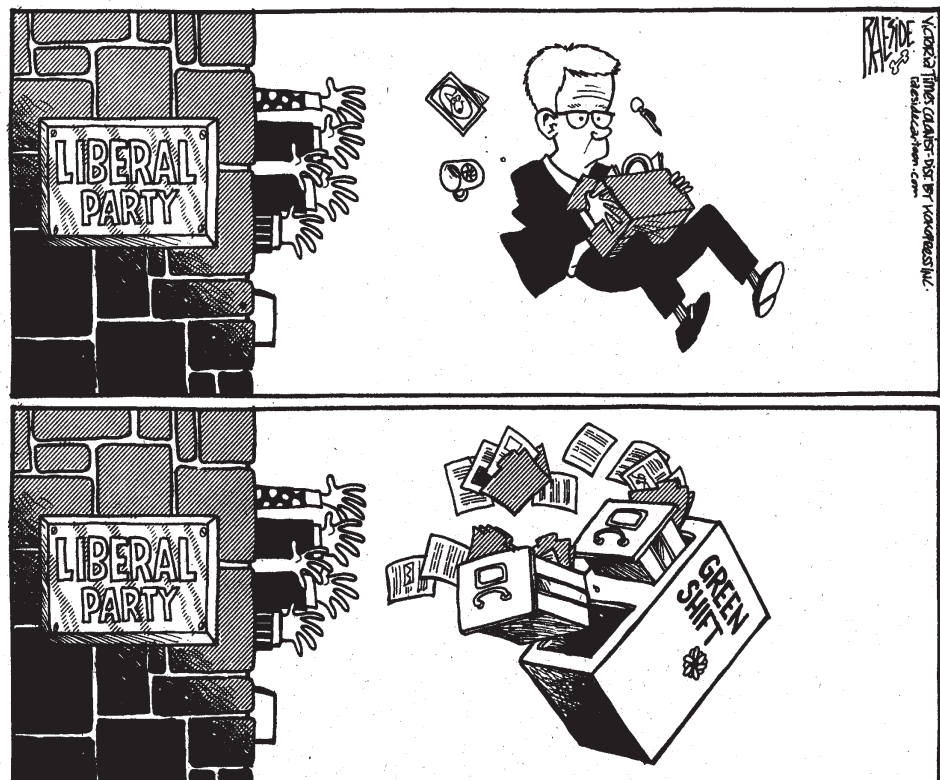
I have watched for decades as orchestra musicians complain about poor wages while, at the same time, teach private lessons in their homes. Much of this teaching income is neither declared nor is GST charged. As artists they somehow believe they should be beyond such things.

It really is time this nonsense gets under control. There is much more to this than the public understands.

Douglas Sanford
Saskatoon, Saskatchewan

The "art" of government funding

Having worked in the arts for 25 years in Ontario, British Columbia and Saskatchewan including time on the national Board of Directors for Orchestras Canada I became more and more disillusioned at the growth of the arts funding industry, the sense of entitlement which grew along with it, and the mis-



Waste Watch

US debt outgrows clock

The US National Debt Clock set up by real estate developer Seymour Durst in New York City's Times Square went through a minor face lift in early October.

The clock shows the second-by-second increase in the US national debt. When it was first set up in 1989, the makers provided enough space for a \$9,999,999,999,999 debt. At that time, the national debt was \$2.7 trillion and no one anticipated the government would allow it to careen past the \$10 trillion mark. But it did.

In September, the clock guardians realized the debt would break the clock and hastily pasted a "\$" so the clock could show a national debt of \$10.2 trillion.

But their problems aren't over yet. The clock also provides a running break down on the average American's portion of the national debt. It currently sits at \$86,000. Like the national debt calculator, no one anticipated this number would ever exceed \$100,000.

The designers are planning a major upgrade in the New Year, and this time they are taking no chances. Two more digital numbers will be added to the national debt allowing it to climb to a quadrillion dollars.

With files from *Cnn.com* / *Fox News* / *BBC.co.uk*

Pity the penny

For years, the Canadian Mint (a federal Crown) has defended its continued penny production by arguing it cost less to produce than it was worth. Well, that argument is no longer valid.

In a document entitled "Facts-on-the-Penny" the Mint reveals the penny — first produced in 1908 — is now a money loser. According to a Mint spokesperson, the actual costs of the metal (steel 94%,



copper 4.5% and nickel 1.5%) is just under one cent. But when other costs are factored in such as production, handling and distribution, the penny now costs more than its worth.

A 15-person committee called "The Penny Review Group" — composed of officials from the Mint, Bank of Canada and Finance Department — meets at least twice a year to discuss the penny's future. It refuses to do the obvious, namely stopping production on a coin — currently 816 million each year — no one wants and costs more than its worth. New Zealand and Australia stopped production of their one cent coins in the early 90s.

With files from the *Times Colonist* / *CBC.ca*

Enjoying the fruit of your labour

You may remember the name Alfonso Gagliano. He was a Chretien henchman (former Cabinet Minister of Public Works) responsible for overseeing the notorious Sponsorship program.

The program was initially set up to promote federalism in Quebec but ended up as a feeding frenzy for Liberal friendly ad agencies — many of whom have since been convicted for theft of tax dollars.

Gagliano and then Prime Minister Jean Chretien were labelled by Justice John Gomery as the kingpins behind the program. Though Gagliano has retired from politics, he continues to enjoy the fruits of taxpayers' labour.

Gagliano and his family recently stumbled into the wine producing business. He bought a vineyard in Durham, Quebec and will soon be producing wine under the "Gagliano Vineyard" label.

But in order to set up this new venture, he received a \$550,000 loan from Farm Credit Canada — a government Crown.

With files from *Canadian Press* / *Globe and Mail*.

Sewage art

With artists taking to the streets to protest Ottawa's inadequate increase in

Farewell to the penny?

Waste Watch

arts funding, taxpayers should be manning the barricades over the latest foolish arts spending.

Taxpayers in Calgary found out the city — which has for years claimed poverty — will spend over \$1 million on art for a sewage treatment plant located miles out of the city and squarely in the middle of nowhere.

The \$378-million Pine Creek Waste Water Plant is already \$138 million over budget.

Nevertheless, under city legislation, taxpayers are required to pay an additional levy equal to 1% of the value of every project — be it an outhouse, bridge or sewage treatment plant — for project related art.

Stacey Dyck, who co-ordinates the city's art programs, has already contracted a master artist to design art for the plant. At this point they are envisioning an artist stylized boat landing that will "seamlessly merge the architecture with its surroundings."

With files from the *Calgary Sun*

New Balance lawsuit

A federal inmate was recently awarded \$6,000 by the federal court because Corrections Canada didn't buy him a \$125 pair of New Balance shoes.

Gregory McMaster is a serial killer who murdered four people over a six day killing spree in 1978. He is US citizen and one of his victims was a Minnesota police officer. For that he was sentenced to 30 years in a US prison.

But McMaster was fortunate. The three others he murdered were Canadians and Ottawa demanded he be extradited to face the horrors of the Canadian justice system. He was eventually convicted of two counts of manslaughter and one of second-degree murder.

McMaster sued Corrections Canada blaming a knee injury on its decision not to buy him a pair of New Balance shoes. He hurt himself while working out in the gym at Fenbrook prison in Ontario.

In previous prisons, McMaster was bought New Balance shoes each year. However, when McMaster asked for another pair, Fenbrook officials stalled and then provided McMaster three pairs of Brooks shoes citing budget concerns.

McMaster refused to wear the new shoes claiming they didn't fit. By this time his original New Balance shoes were 18 months old, and he blamed his knee injury on the age of the shoes.

He originally sued the government for \$50,000, but Kevin Aalto, a prothonotary (who hears selected civil suits against federal agencies) said a \$6,000 payout (plus legal fees) was warranted and also ordered Corrections Canada to provide McMaster a pair of New Balance shoes each year.

With files from the *National Post*

First a gun registry, now a poop registry?

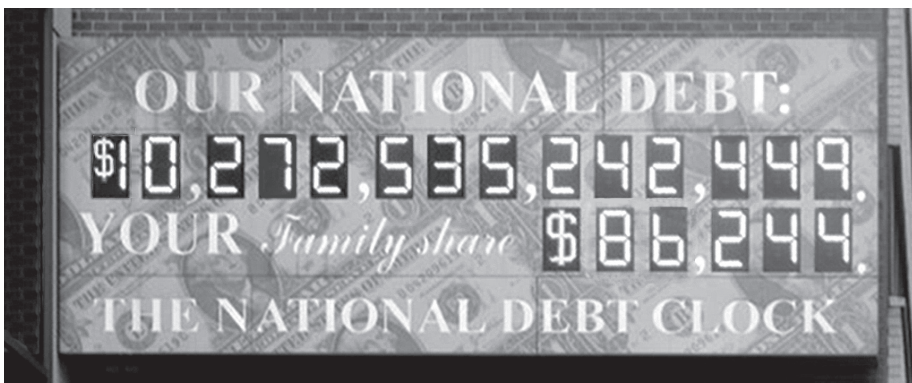
A bureaucrat in the city of Petach Tikva, Israel convinced city councillors to institute a DNA data base for dogs and their poop.

In fact, council members spent most of one meeting debating the issue before instituting a six month program based on a suggestion by the city's chief veterinarian Tika Bar-On.

Under the six month program, vets will swab dog mouths so their DNA can be entered into a data base. Dog poop deposited on streets and parks can then be tested to find out if it came from a registered dog. If it does, the owner will be fined. The dog poop DNA will also be kept on file in case the offending dog is eventually tested.

Under the trial program, dog owners must volunteer to have their dog's saliva swabbed. Obviously, those who allow their dogs to poop on streets will immediately sign up, not un-

Americans bust the debt clock



Waste Watch

like gang members in Canada who rush to register their guns. Even if the city makes it compulsory, how many will actually do it?

But hold your leash folks. In Australia, a major DNA testing laboratory is lobbying cities to institute similar programs. Not surprisingly, some politicians are speaking in favour of the idea.

If these projects gain legs, expect cities in Canada to be approached by DNA testing laboratories demanding similar programs.

With files from www.yahoo.news / www.haaretz.com

BlackBerries out of control

An audit at Natural Resources Canada (NRC) revealed the department's bill for BlackBerries and cell phones topped \$1.7-million in 2005-06.

The audit obtained under Access to Information revealed a culture so lacking controls, NRC had no idea how many cell phones and BlackBerries it actually had. Auditors have since discovered over 900 BlackBerries and 720 cell phones. The auditors also found:

- 20% of the employees who had a phone did not require one for their job;
- The department allowed employees to negotiate their own phone contracts instead of buying in bulk — a bulk contract would have saved nearly \$500,000 a year. Auditors noted that the province of Manitoba — which has a bulk contract — pays \$55 a month for a BlackBerry whereas the average for NRC was \$76. NRC's \$39 monthly cell phone bills were \$15 more expensive than Manitoba's; and
- The NRC also had no policy in place to deal with recuperating costs with the private use of phones

by employees.

The NRC is taking steps to rectify the problem. One wonders what "steps" the other gazillion government departments are taking.

With files from the
Canadian Press

Sick health boards

"Fiscal management was not one of their strong points," said Alberta director Scott Hennig commenting on the fiscal irresponsibility of the Alberta Health Boards which ran up \$97 million in deficits in 2007-08.

This past spring, the Alberta government ended the fiasco and merged the separate boards into one super board. Some senior executives were laid off and paid \$5.9 million in severance.

These individuals were also eligible for lucrative pensions and it appears the taxpayers may have to pay for these pensions twice.

When the government provided funding to the boards it included money designated for pensions and benefits of senior executives. Instead of setting aside the money for use as intended, it was dumped in general revenues and spent. This meant, taxpayers will be on the hook for the pensions a second time.

The expenditure will be pricey. In one instance, the supplementary pension benefits for former CEO Jack Davis of the Calgary Health Region amounted to a whopping \$4 million above his regular government pension. In addition, he reportedly received a severance of approximately \$1.2 million.

This is the same Davis whose district was a responsible for the bulk of the \$97 million deficit. For this mismanagement accomplishment Davis was paid over \$1 million per year in sala-



Is a dog poop registry coming
to a city near you?

Waste Watch

ry and benefits including a \$192,000 bonus for a job well done.

With files from the *Calgary Herald* / *CBC News*

duce 55,000 megawatts of power. Currently, Canada produces 2,500 MW and the rest of the world generates 94,000 MW of windpower.

With files from the
National Post

Belly up for a beer subsidy

Ontario Premier Dalton McGuinty recently announced an \$8 million subsidy for ... beer.

The president of the Ontario Craft Brewers Association, John Hay said the small beer brewers in Ontario employ 500 people and expects with the help of this grant could employ 1,000 people by 2014.

But just three years ago, the Ontario government gave the same group a grant of \$5 million. At that time, Hay said there were 600 people employed with small brewers and expected the subsidy to drive employment up to 1,600 by 2014.

Based on a drop of 100 employees with the \$5 million subsidy, the latest beer hand-out should drive employment numbers to around 340.

With files from *Maclean's magazine*

Blowing tax dollars

President of the Canadian Wind Energy Association, Robert Hornung, proposes governments undertake the construction of 22,000 new wind turbines in Canada by 2025.

This bold new initiative would cost \$132 billion, \$60 billion more than the tar sands have cost over the past 20 years.

It would require the use of a land mass the size of PEI.

The windmills would pro-

Bloc is smiling

If it wasn't for federal taxpayers, the Bloc Quebecois could not have mounted a campaign in Quebec during the last federal election.

According to a study by the Frontier Centre, the separatist party receives the bulk of its funding from taxpayers. Reforms initiated by former Prime Minister Jean Chretien in 2003, forbid political parties from receiving donations from corporations or unions because of the undue influence this money brings with it. As well, the highest amount a private individual can

donate in a single year was set at \$5,000, and later reduced to \$1,100 a year by the Conservatives.

Instead, political parties are now given an annual allowance of nearly \$2 for each vote received during the previous federal election, paid out quarterly. This allowed the Bloc to rake in \$1.5 million in taxpayer subsidies.

The Bloc only received 1,070 donations during the first six months of this year leading up to the election. The Bloc's private donations have been in a freefall since 2004, when the party had 8,775 individuals make donations. By 2007, that number had nearly halved.

The Green Party, which doesn't have a single seat, rounded up 7,915 private donations during the same period.

Compared to other political parties, the Bloc receives the greatest proportion of its funding from taxpayers. For every dollar the Bloc received privately, taxpayers gave them \$5.60. The Liberals received a \$5 subsidy for every dollar in private donations and the Conservatives \$3.00.

The Green Party received over \$2 million in federal subsidies between the two most recent federal elections.

With files from the *Vancouver Sun* / *National Post*



Photo: Gilles Duceppe / Claude Boucher

Cattle Belch Your Tax Dollars

by Lee Harding

Federal researchers are putting gas masks on cows to see what foods they can eat to prevent destruction of the polar ice caps. From 2003 to 2008, Agriculture and AgriFood Canada (AAFC) conducted a project entitled, "Carbon sequestration, methane production and nitrous oxide emission from cattle grazing native prairie" at the Semiarid Prairie Agricultural Research Centre (SPARC) near Swift Current.

Dr. Alan Iwassa headed the project and revamped a gas mask design invented in New Zealand. The new and improved yoke, halter, and tube cost

\$315 apiece and measure the methane that cows belch. Although burping accounts for 89 to 98 percent of the methane total, researchers also measured feces, urine, soil samples, and the air above grazing areas to try to get a wider picture.

Freedom of Information requests by your CTF yielded 2000 pages of documents. Contributions by third-parties, such as the Canadian Cattlemen's Association, were blanked out. However, the documents show that from 2004 to 2007, the federal contribution was \$256,063.

Another project at SPARC from 2001-2005 examined the "Re-establishment of a mixed

native grassland in southwest Saskatchewan," the goal being to capture carbon in the soil. SaskPower aided the federal project with \$20,000 in contributions, while Saskatchewan's Agricultural Development Fund (ADF) gave \$65,892.

The ADF topped-up \$189,500 for another AAFC project, a three-year study that examined how a new additive could reduce methane emissions in cows.

The results? Studies thus far have shown that steers grazing early in the year belch less greenhouse gases. High quality feed, edible oils, and mixed grazing lands of alfalfa and

grass also produced measurably better results.

How relevant are

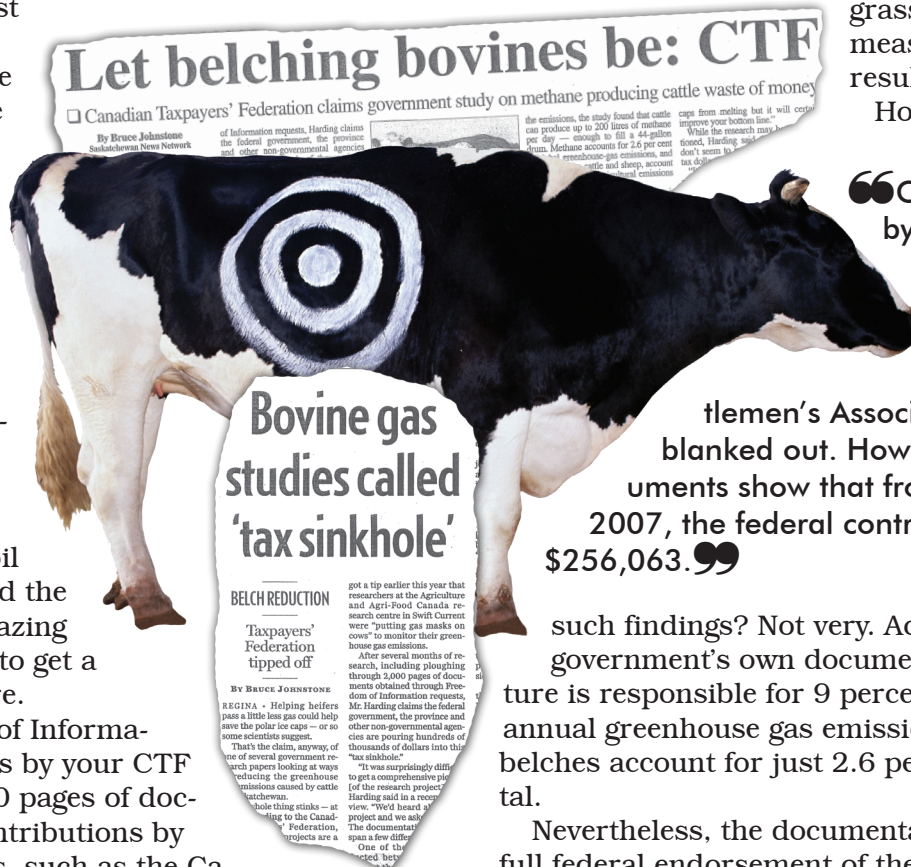
“Contributions by third-party contributors, such as the Canadian Cat-

tlemen's Association, were blanked out. However, the documents show that from 2004 to 2007, the federal contribution was \$256,063.”

such findings? Not very. According to the government's own documents, agriculture is responsible for 9 percent of Canada's annual greenhouse gas emissions. Animal belches account for just 2.6 percent of the total.

Nevertheless, the documentation shows a full federal endorsement of the statement of ag writer Lorne McClintock, "Reducing your herd's methane emissions could prevent the polar ice caps from melting but it will certainly improve your bottom line."

A tax on livestock belching and flatulence may be next. All to save the Earth, of course.■



Life is Better in the Cities

By Colin Craig

New census data

confirms what many have long suspected – that life is better for Aboriginal people off reserves than it is on reserve. The conclusion is the key finding of a new report, *Life is Better in the Cities – How Canada's Aboriginal and General Populations Fare on Reserve and Off-Reserve*, produced for the CTF by former director Mark Milke.

Statistics tell the story

Consider income comparisons. "On reserve Indians" (Statistics Canada definition), on average, earned approximately \$29,014 before taxes in 2006. However, off reserve Indians had an average before tax income of \$37,447, approximately 29% higher.

In fact, off reserve Indians earned more than their on reserve counterparts in every province in Canada, with the exception of Newfoundland. A high earnings level among on-reserve female band members kept the overall income level higher for on-reserve Indians in that province. In fact, Newfoundland was also the only province where females fared better on reserve than off reserve.

Not surprisingly, in just about every case that Milke examined, the portion of an on-reserve band member's income that came from the government was higher than that of an aboriginal

The Failed Policy of Reserves in Canada

person living off-reserve in a nearby community. For example, the average on-reserve band member from the Stony Creek First Nation derived 36.9% of his/her income from the government. However, aboriginals living in nearby Calgary were only dependent on the government for 8.7% of their income.

One element that would explain why off reserve Indians appear

to depend less on the

government for their income would be a higher level of education. In terms of comparisons between on reserve Indians and off reserve Indians living in nearby urban centres, on reserve Indians had lower post-secondary levels in nine of the ten cases examined.

The ten comparisons between reserves and nearby urban centres also revealed that unemployment rates tended to be lower for off reserve Indians. Not surprisingly, off reserve

Indians also led in terms of workforce participation rates.

There are however a few welcome – albeit rare – exceptions. According to Milke's research, stats from the Osoyoos reserve (in British Columbia's south Interior) show earnings and unemployment rates for on reserve residents that are within striking distance of those that have left the reserve. In fact, the workforce participation figures for the aboriginals living on the Osoyoos reserve are actually mildly higher than

“The fact that only 26.3% of Canadians that identify themselves as being Aboriginal actually live on reserves is startling.”

AboriginalPOLICYStudy

those that have chosen to leave.

Just north of the Osoyoos reserve, the West-bank First Nation community had unemployment and workforce participation rates that were almost equal with aboriginals living in nearby Kelowna. However, in terms of earnings, on reserve Aboriginals actually beat out their off reserve counterparts by \$636.

A failed policy

The fact that only 26.3% of Canadians that identify themselves as being Aboriginal actually live on reserves is startling.

Who can blame them? After all, the *Indian Act* and just about everything within its purview has been nothing short of a disaster for Aboriginal people and taxpayers alike.

As good as off reserve Indians fare when compared to on reserve Indians, Milke's report shows that both groups still trail the general population when it comes to income, education levels and unemployment rates. Consider the fact that the median income for an aboriginal person is only \$34,940 while non aboriginal Canadians earn \$41,401 per year.

Substance abuse problems, diabetes rates that are higher than that of the general population and a high suicide rate are other exam-

“Perhaps most important of all is extending private-property rights to Aboriginals. Private property rights are at the heart of wealth creation and prosperity: something most take for granted but is denied to reserve residents by our federal government.”



2005 Earnings: North American Indian (First Nations On-Reserve v. Off-Reserve)

Median earnings: Full year, full-time, aged 25 to 54, by North American Indian people living on and off reserve, by sex, Canada and provinces

On/off reserve		Both sexes	Men	Women
Canada	On	\$29,014	\$30,045	\$28,014
	Off	37,447	41,984	32,866
Nfld/Lab	On	40,384	41,152	40,199
	Off	32,821	41,572	28,677
PEI	On	*	*	*
	Off	42,132	*	*
Nova Scotia	On	27,813	28,957	27,031
	Off	33,598	37,657	31,140
New Brun	On	28,612	30,484	26,900
	Off	30,710	42,437	28,521
Quebec	On	32,281	35,447	30,116
	Off	36,019	41,068	31,360
Ontario	On	28,523	29,477	27,499
	Off	39,502	43,922	35,082
Manitoba	On	25,874	25,068	26,130
	Off	32,848	36,071	31,120
Sask	On	26,310	26,339	26,271
	Off	33,880	37,307	32,173
Alberta	On	27,154	29,724	26,070
	Off	37,704	44,128	31,530
BC	On	29,711	30,525	28,721
	Off	36,484	40,485	32,773

AboriginalPOLICYStudy

ples of other well documented “results” that the department of Indian and Northern Affairs can hang its hat on.

Certainly the problem does not lie solely with the government. After all, stories of Cadillac-driving chiefs and other examples of band mis-spending are routinely covered by media outlets from coast to coast. Many Aboriginal leaders deserve their fair share of the blame.

But one thing can be said for certain: rounding up a group of people based on race, placing them on isolated parcels of land (for the most part) and providing them with a totally dysfunctional and separate set of laws (economic, taxation, social, etc.) is a failed policy.

Some suggest that keeping Aboriginal people on reserves helps them preserve their culture. Yet Milke notes the work of Joel Kotkin, author of *Tribes: How Race, Religion and Identity Determine Success in the New Global Economy*.

Kotkin notes that throughout history, there have been numerous examples of ethnic groups that have successfully relocated en masse to other locations. British expatriates, Jews, Japanese, East Indians and Chinese are examples of races that Kotkin notes have succeeded beyond their respective homelands.

Key to their success, according to Kotkin, is an ability to imitate and learn from other cultures. One can see throughout Canada, pockets of races that often live in tight knit communities, while integrating with society as a whole. While preserving the culture from their homeland, such communities have embraced local culture and have helped it succeed while giving something back.

At the end of the day, the vibrancy and success of the nation is owed to the many races and cultures that have chosen to call Canada home.

There is no reason why Aboriginal people couldn't keep their culture while living side by side with everyone else, just as so many other races have done. The 73.7% of Aboriginals who live off-reserve are no less native because they choose to raise their children in better conditions.



“the average on-reserve band member from the Stoney Creek First Nation derived 36.9% of his/her income from the government. However, Aboriginals living in nearby Calgary were only dependent on the government for 8.7% of their income.”

band members. This could commence through initiating several pilot projects.

Perhaps most important of all is extending private-property rights to Aboriginals. Private property rights are at the heart of wealth creation and

Going Forward

As long time supporters will know, the CTF has been a leader in calling for Aboriginal policy reform.

The remedy starts by developing a plan to phase out the *Indian Act* over a twenty year period. Yes, Canada needs to move beyond the race-based policy era of 1867 and stop discriminating against individuals based on race.

By eliminating the *Indian Act*, the tax exemption that natives living and working on reserves currently receive would also be eliminated. Normalizing tax rules on reserves should be phased in over a period of ten years.

However, as the majority of funds currently transferred to reserves are provided to the chief and council, a better mechanism needs to be established to ensure those dollars actually reach band residents. The CTF recommends a move to eventually provide such assistance directly to individual

AboriginalPOLICYStudy

prosperity: something most take for granted but is denied to reserve residents by our federal government.

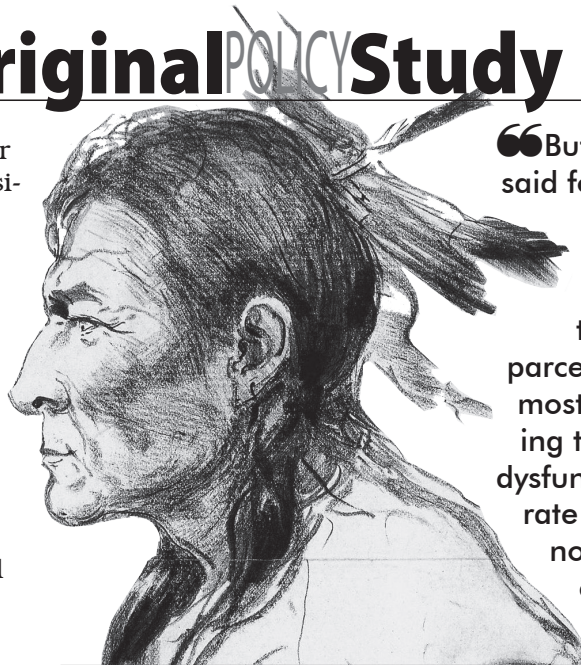
The federal government should begin by transferring existing reserve land (which is currently held by the Crown) to individual natives living on-reserve, and to band members living off-reserve. It would then be up to natives themselves to decide if they want to transfer the land into a communal arrangement or to allow for the property to be owned and managed individually.

The inevitability of change

Importantly, these issues and kinds of reforms are being openly discussed. Ten years ago anyone suggesting alternatives to the status quo was labelled a racist. Today, news stories, reports, and presentations from Aboriginal and non-Aboriginal leaders alike are turning tried and tired approaches upside down. Some recommendations even have the attention of government.

In 2002, the CTF recommended expansion of the auditor general's mandate such that band spending could be audited. Last summer the federal government announced new stipulations on band funding agreements that include audits. A policy welcome by many Aboriginals who suffer the consequences of misspent dollars for health, school and social services.

Of course audits are only a small and incremental reform. Governments still largely "address" the problem by throwing more dollars at a bad system. What Milke's report shows is that Aboriginal Canadians, by voting with their feet and continuing to leave reserves, are ahead of policy makers. Reserves may be abandoned before Ottawa gets the message.■



“But one thing can be said for certain: rounding up a group of people based on race, placing them on isolated parcels of land (for the most part) and providing them with a totally dysfunctional and separate set of laws (economic, taxation, social, etc.) is a failed policy.”

Stoney First Nation - Calgary Comparisons (2006)

	Stoney Aboriginal	Calgary Aboriginal	Calg ALL ci
Population in 2006	2,540		1,070
Aboriginal	2,520	26,575	
Educational attainment			
Population 15 years and over	1,615	19,515	871
No certificate, diploma or degree	1,060	6,055	157
High school certificate or equivalent	195	5,075	223
Total high school or less %	77.7%	57.0%	43.1%
Apprenticeship or trades certificate or diploma	215	2,175	74
College, CEGEP or non-university certificate/diploma	115	3,680	156
University certificate or diploma below bachelor level	20	705	43
University certificate, diploma or degree	15	1,830	215
Total: Some Post secondary %	22.6%	43.0%	56.9%
Labour force activity characteristics			
Participation rate %	64.1	77.2	75.1
Unemployment rate %	37.7	7.3	4.1
Earnings in 2005			
Median earning: full year; full time, 15 years & over (\$)	21,265	38,094	46,100
Median earnings - Total population 15 year & over (\$)	13,774	25,318	31,500
Income in 2005			
Median income - Total population 15 year and over (\$)	8,555	24,329	30,400
Composition of total income (100%)	100	100	100
Earnings - As a % of total income	62.4	87	83
Government transfers - As a % of total income	36.9	8.7	5.1

Global *warming?*

30 years of warmer temperatures go poof

by Lorne Gunter

In early September, I began noticing a string of news stories about scientists rejecting the orthodoxy on global warming. Actually, it was more like a string of guest columns and long letters to the editor since it is hard for skeptical scientists to get published in the cabal of climate journals now controlled by the Great Sanhedrin of the environmental movement.

Still, the number of climate change skeptics is growing rapidly. Because a funny thing is happening to global temperatures — they're going down, not up.

On the same day (Sept. 5) that areas of southern Brazil were recording one of their latest winter snowfalls ever and entering what turned out to be their coldest September in a century, Brazilian meteorologist Eugenio Hackbart explained that extreme cold or snowfall events in his country have always been tied to "a negative PDO" or Pacific Decadal Oscillation. Positive PDOs — El Ninos — produce above-average temperatures in South America while negative ones — La Ninas — produce below average ones.

Dr. Hackbart also pointed out that periods of solar inactivity known as "solar min-

“the number of climate change skeptics is growing rapidly. Because a funny thing is happening to global temperatures — they're going down, not up.”

imums” magnify cold spells on his continent. So, given that August was the first month since 1913 in which no sunspot activity was recorded — none — and during which solar winds were at a 50-year low, he was not surprised that Brazilians were suffering (for them) a brutal cold snap. “This is no coincidence,” he said as he scoffed at the notion that manmade carbon emissions had more impact than the sun and oceans on global climate.

Also in September, American Craig Loehle, a scientist who conducts computer modelling on global climate change, confirmed his earli-



Global *warming?*

er findings that the so-called Medieval Warm Period (MWP) of about 1,000 years ago did in fact exist and was even warmer than 20th-century temperatures.

Prior to the past decade of climate hysteria and Kyoto hype, the MWP was a given in the scientific community. Several hundred studies of tree rings, lake and ocean floor sediment, ice cores and early written records of weather — even harvest totals and censuses — confirmed that the period from 800 AD to 1300 AD was unusually warm, particularly in Northern Europe.

But in order to prove the climate scare-mongers' claim that 20th-century warming had been dangerous and unprecedented — a result of human, not natural factors — the MWP had to be made to disappear. So studies such as Michael Mann's "hockey stick," in which there is no MWP and global temperatures rise gradually until they jump up in the industrial age, have been adopted by the UN as proof that recent climate change necessitates a reordering of human economies and societies.

Dr. Loehle's work helps end this deception.

Don Easterbrook, a geologist at Western Washington University, says, "It's practically a slam dunk that we are in for about 30 years of global cooling," as the sun enters a particularly inactive phase. His examination of warming and cooling trends over the past four centuries shows an "almost exact correlation" between climate fluctuations and solar energy received on

Earth, while showing almost "no correlation at all with CO₂."

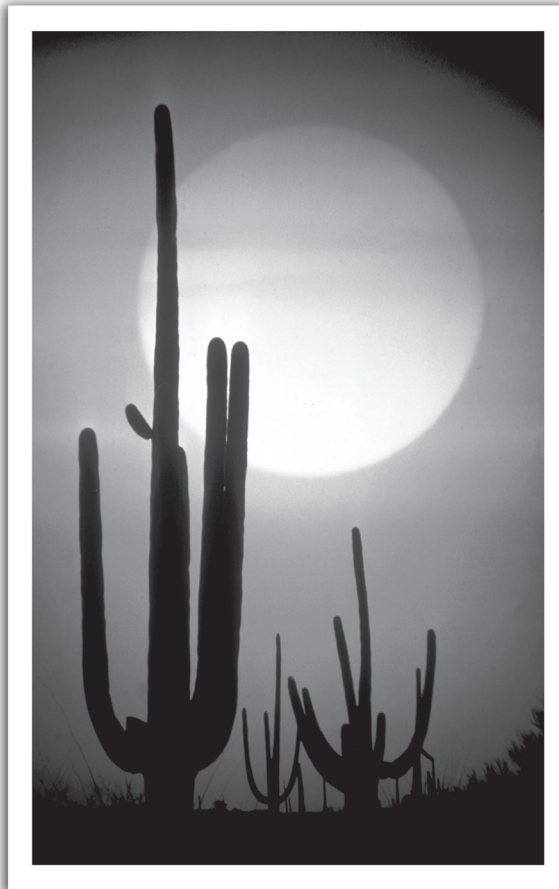
An analytical chemist who works in spectroscopy and atmospheric sensing, Michael J. Myers of Hilton Head, S. C., declared, "Man-made global warming is junk science," explaining that worldwide manmade CO₂ emission each year "equals about 0.0168% of the atmosphere's CO₂ concentration ... This results in a 0.00064% increase in the absorption of the sun's radiation. This is an insignificantly small number."

Other international scientists have called the manmade warming theory a "hoax," a "fraud" and simply "not credible."

While not stooping to such name-calling, weather-satellite scientists David Douglass of the University of Rochester and John Christy of the University of Alabama at Huntsville nonetheless dealt the True Believers a devastating blow last month.

For nearly 30 years, Professor Christy has been in charge of NASA's eight weather satellites that take more than 300,000 temperature readings daily around the globe. In a paper co-written with Dr. Douglass, he concludes that while manmade emissions may be having a slight impact, "variations in global temperatures

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Global warming?

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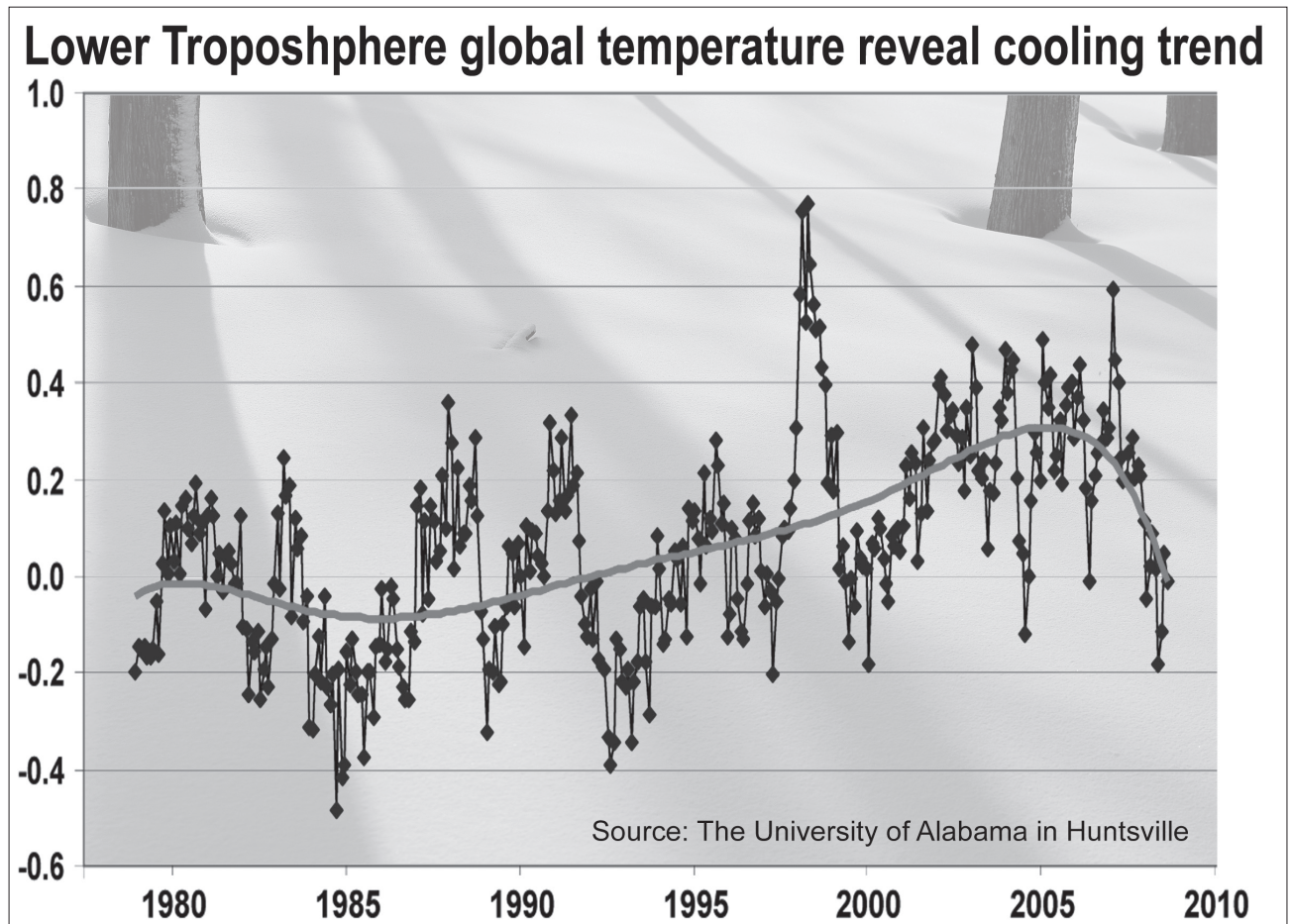
since 1978 ... cannot be attributed to carbon dioxide.”

Moreover, while the chart below was not produced by Douglass and Christy, it was produced using their data and it clearly shows that in the past four years — the period corresponding to reduced solar activity — all of the rise in global temperatures since

1979 has disappeared.

It may be that more global warming doubters are surfacing because there just isn't any global warming.■

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Indigenous Independent

by Joseph Quesnel

Truth is truth



Eight years ago, Tom Flanagan wrote *First Nations? Second Thoughts*. A political scientist at the University of Calgary, Flanagan is a bold voice for honest debate about First Nation issues in this country.

Just recently, he compiled a second edition of this award-winning book. Looking back at all he has achieved, I am dedicating this column to him as a pioneer. Flanagan deserves great credit for starting the debate against what he terms “Aboriginal orthodoxy.”

Flanagan questioned the national character of many First Nation communities, criticized ideas about self-government in currency at the time, and, importantly, pointed out that integration into the modern, property-based economy was central to indigenous progress.

It hurts to hear the truth sometimes, but it is only through truth that can we find solutions and liberation.

It is clear others must continue in his trailblazing footsteps. Thankfully, this is happening, particularly from within the Aboriginal world, which is very encouraging. Despite measurable progress from recent governments on Aboriginal issues (including from the Chretien Lib-

“Immediately, First Nation leaders with a vested interest in the status quo reacted with anger.”

erals), it seems bold thinkers are what is needed to push public opinion, and in turn, legislators. Here’s to wishing for a dozen Flanagans!

Besides receiving critical acclaim, the work revolutionized Aboriginal politics. Largely written as a critical response to the Royal Commission on Aboriginal Peoples, the book was both admired and hated for its honesty. Up to that point, much study on Aboriginal issues was dominated by left-leaning academics and radical indigenous leaders. While Flanagan had been known for tackling Aboriginal issues in un-orthodox ways before, this was the first time all of those thoughts had been put down into a cohesive work. Immediately, First Nation leaders with a vested interest in the status quo reacted with anger.

Even today, he is a polarizing figure within the Aboriginal community. But, this happens when someone questions the dominant ‘wisdom’ of the age. In *First Nations? Second Thoughts*, Flanagan asked

the tough questions that many academics and Aboriginal political leaders did not think fully through.

It is also the case that if someone does not like the message being delivered, they attack the messenger. This is what has happened to Flanagan. While this reaction to him bothers me, sometimes I like to have fun with it to make a point. For two years, I was editor of an Aboriginal



Indigenous Independent

by Joseph Quesnel

publication where I often encountered this allergy to Flanagan's name. One time I received a nasty call from a female First Nation chief. She was angry that I wrote a positive review of a work Flanagan had edited on Aboriginal property rights. An excellent work. When she had a chance to get over her anger, she asked me how I as a Metis working at an Aboriginal publication could possibly include him in our publication. Now, I always had a copy of *First Nations? Second Thoughts* on my book shelf, so without telling her, I started reading excerpts from it. I then asked her what she thought about what I had just read her. She responded positively. I then informed her I had read from Flanagan. Her criticisms toned down from there.

I always wondered why it mattered from what source we hear the truth. Truth is truth. What is encouraging about this trend is that over the past several years, more people, particularly from within the Aboriginal community, are coming forward with the truth. They are not doing it because they wish to disrespect their people. They are doing it because they care too much about their people to allow lies to continue. Despite the personal costs, many of these people, like Tom Flanagan, have continued criticizing what deserves criticism.

What is funny is that many indigenous leaders are now echoing much of what Flanagan was criticized for saying eight years ago. Many leaders realize that government



“Many leaders realize that government dependency is the central problem confronting their communities. Most now recognize that unaccountable government is a serious problem, and most now openly say that the *Indian Act* and the reserve system is the major obstacle to indigenous improvement.”

dependency is the central problem confronting their communities. Most now recognize that unaccountable government is a serious problem, and most now openly say that the *Indian Act* and the reserve system is the major obstacle to indigenous improvement.

In the 2008 edition, Flanagan mentions other trailblazers have come after him, including First Nation author Calvin Helin, whose best-selling *Dances with Dependency*, provided an eloquent argument for ending government dependency. Flanagan's lasting contribution, however, is

his recognition that while policy changes can “happen at the margins,” the real work must happen among First Nations themselves, or as he put it, “Aboriginal success, then, is not a public policy challenge to governments, but a moral and spiritual challenge to the people themselves.” ■

A Metis, Joseph Quesnel is former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Lethbridge, Alberta and is heading up an Aboriginal Governance Index in that province.

Joseph is a long-time advocate for limited government.

What's next?

By Troy Lanigan and Adam Taylor

What can taxpayers take away from the federal election and what lies ahead for the new new Conservative government in these topsy-turvy times?

A Referendum on Carbon Taxes?

Let's start with the election. Many have suggested the result was a flat rejection of carbon taxes. Indeed, the Liberal party's Green Shift would have imposed a hefty new tax on most energy sources driving up the cost of natural gas, home heating fuels and diesel.

Despite Stephane Dion's assurances of "revenue neutrality" — through offsetting income taxes — it was not. Only \$9.5-billion of the \$15-billion raised by the carbon tax would have been returned in income tax relief. The remainder was earmarked for new spending. Moreover, the trickle down effect of these taxes impact transportation, businesses, and other levels of government that simply pass the higher cost down to end users.

The experience with these taxes in Europe are lower household incomes, loss of manufacturing jobs, costly government programs to address "fuel poverty" and mixed results at best on CO₂ reductions.

To be sure, no election is about a single issue, but to the extent a carbon tax was the



central plank of the Liberal's platform heading into the campaign, their dismal showing — 26.2% of the vote — casts a welcome verdict on the policy.

But here's a rich irony.

Carbon Taxes' Evil Twin Cap-and-Trade

For all the Conservative party advertising warning of a "tax on everything" and "risky



CP Images

schemes and unproven theories" there was absolutely zero scrutiny of the Tory proposal — carbon taxes' evil twin — cap-and-trade.

In fact, if implemented, the Conservative plan could well be as costly and assuredly will be more convoluted. Under cap-and-trade the government will set a limit or a "cap" on the amount of carbon that can be emitted by a producer. Producers that exceed their allotted emissions will have to buy credits from those who emit less, hence cap and trade.

Obviously, costs are passed onto to consumers; but worse, is the bureaucratic morass it creates. Imagine the lobbying of various sectors for favourable cap levels, the bureaucracy necessary to measure compliance, the plight of new businesses without a carbon allotment, and exporters who can't

pass costs along as easily. It's madness and regrettable the Conservatives got a free ride.

Or, perhaps many Canadians tacitly see Harper and Co. as reluctant converts; more likely to follow the Chretien model of empty rhetoric with no serious application of the costly policies necessary to curb CO₂. Indeed, as the unpopularity of British Columbia's carbon tax and Mr. Dion's proposal suggests; political actors are calculating that the public may not be buying into the global

No more taxes, No more deficits.

An October 2008 Ipsos-Reid poll showed what your CTF has known for years: Canadians do not want their federal government to raise taxes or go into deficit to make ends meet.

In fact, 82% of Canadians support the federal government cutting spending to keep the budget balanced. 57% of Canadians oppose running deficits and 83% oppose raising taxes.

Federal spending cuts were most supported by prairie residents (90%). Raising federal taxes were most opposed by Atlantic Canadians (86%). And running a deficit was most opposed by residents in Canada's only debt-free province — Alberta (63%).

Provincially, Quebec residents were most supportive of their provincial government cutting spending (81%), Atlantic Canadians were most opposed to their provincial governments raising taxes (93%), and Albertans were most opposed to their provincial government running a deficit (80%).

Your CTF welcomes the results of this poll and will continue to advocate for balanced budget and taxpayer protection laws.■



warming hype to the degree predicted.

But there may be another reason policies aimed at a fractional change in the Earth's temperature a hundred or so years from now may take a back seat. The economy is more pressing.

Focus on the Economy

Over the past decade, vast revenues and a strong economy have made it easy for Ottawa to balance the books. Yet, massive surpluses piling up were largely interpreted as a sign of strong fiscal management rather than what they really are: overtaxation. Public pressure led both the Conservatives and their Liberal predecessors to pass various broad-based tax reductions — albeit modest — starting in 2000 and have inched the federal debt down to \$457.6-billion.

Yet today, economic conditions have changed so quickly that the chattering classes are now using the “D” word. And while Messrs Harper and Flaherty have pledged to balance the books in the upcoming budget, they make no promises for the future. It would be a mistake to return to deficit spending.

In a slowing economy, households must live within their means and so should governments. If that means cutting program spending, so be it. Second, deficit spending is a hard pattern to break, hence why Canada ran deficits for almost thirty consecutive years

prior to Paul Martin balancing the books in 1998. Third, if freeing up credit markets are such a concern, does it make sense for government to add to the problem by overspending? Finally, deficit spending saddles the taxpayers of tomorrow with even more debt which will swallow up more tax dollars in interest payments down the road.

Yet in order to achieve a balanced budget the Harper government — the biggest spending in Canadian history — will have to do something it has been loathe to do for two-and-a-half years: control spending.

Liberal, Tory, Same Old Story?

It's one of the great ironies of Canadian federal politics. Since 1993, Liberals and Conservatives have governed differently than

“Yet in order to achieve a balanced budget the Harper government — the biggest spending in Canadian history — will have to do something it has been loathe to do for two-and-a-half years: control spending.”



they campaigned. The Liberals tend to govern more conservatively than they promise and the Conservatives govern ... well ... more liberally than they promise. This election was no exception with the Conservatives presenting a platform more modest than the other parties. Yet, as your CTF said in a commentary published during the campaign: “Unlike the other party platforms where the danger

lies in them being implemented; the danger in the Tory platform lies in it *not* being implemented.”

A slowing economy coupled

with a weak opposition provides the government an opportunity to define itself going forward. They should start by meeting their commendable

3.4% spending target laid out in the current budget, shelve their “risky” cap-and-trade scheme and resolve to keep Canada’s books in the black.■

CTF has BIGFOOT in Federal Election

During the recent federal election your CTF tracked and released \$19.2-billion in pre-election spending promises made by the Conservative government. We released analysis of both the Liberal and Conservative platforms as well as commentary surrounding federal funding of the arts.

However, we also like to show we have a sense of humour around here too. On September 24th we released a national public opinion poll showing that by a two-to-one margin, Canadians are more likely to accept the validity of Bigfoot than they are promises on the campaign trail.

Prior to the election, your CTF asked: “Which is more likely to happen ... Politicians will keep their election promises or scientists will prove the existence of Bigfoot?” 58% said Bigfoot, while 27% opted for promises. 15% were undecided.

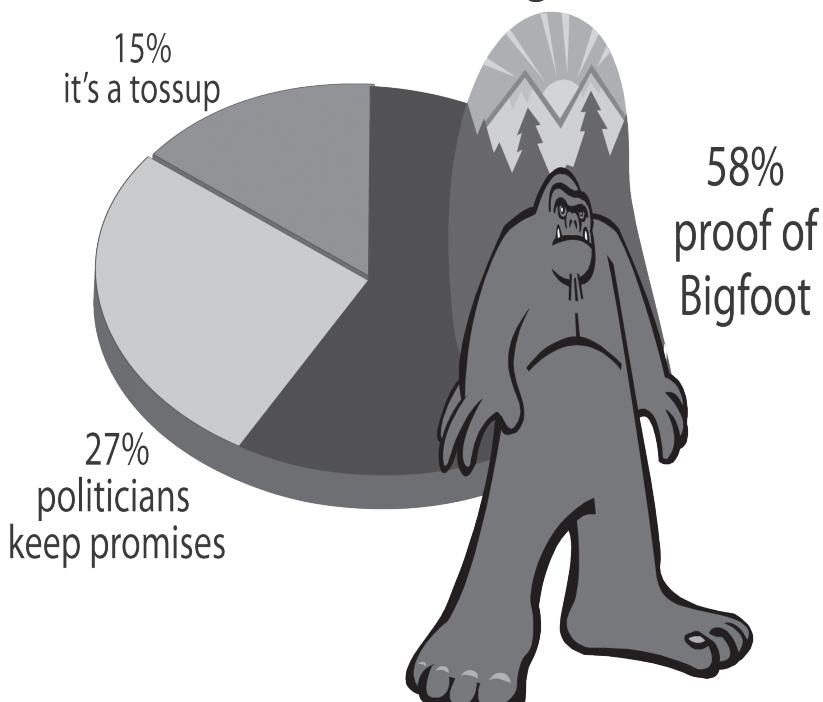
Given that all the major parties sang a familiar song — more spending, lower taxes and balanced budgets — is it any wonder the public becomes disillusioned if not cynical?

After the election, your CTF calculated and released pen-

sion and severance estimates for 65 retired or defeated politicians totalling close to \$55-million [see full story page 26].

All these stories earned wide-spread media coverage in every market from coast-to-coast. Without your support of the CTF, taxpayers would not know the amount of pre-election spending promises or how much our politicians will pocket in their retirement. Your CTF is the only organization in the country that does this work.■

What is most likely to happen ... Politicians keep their promises or scientists prove the existence of Bigfoot?



What we mean by 'repayable loans'

Feds continue to dole out tax dollars to Bombardier

Guest Column William Watson

English is such a wonderfully flexible language, isn't it? In confirming it would be lending \$350 million to Bombardier to help research and develop its new C-Series passenger jet, the federal government said the money would be in the form of "repayable loans."

If I went to my bank and asked for a "repayable loan," I expect the loan officer would say, "We don't actually do 'repayable' loans. We do loans. We give you some money then you pay us back. In full, with interest, on a schedule we agree to in advance."

"Repayable" means "capable of being re-paid."

The question about the Bombardier loans is not whether they are capable of being re-paid but whether they will be repaid.

Bombardier's own language creates some doubts on this score. Its own C-Series news release refers to "repayable investments." Make an investment, not a loan, and your chances of being re-paid are even less. Everyone knows, especially these days, that investments sometimes don't pay off. Investors can be left holding bags.

Quebec Premier Jean Charest, whose government is in for \$117 million in R&D costs, assured reporters that in the case of the C-series that would not happen. The province gets a fixed payment per

plane sold, he explained, though without saying how much. ("Investors," i.e., taxpayers, apparently don't have a right to know.)

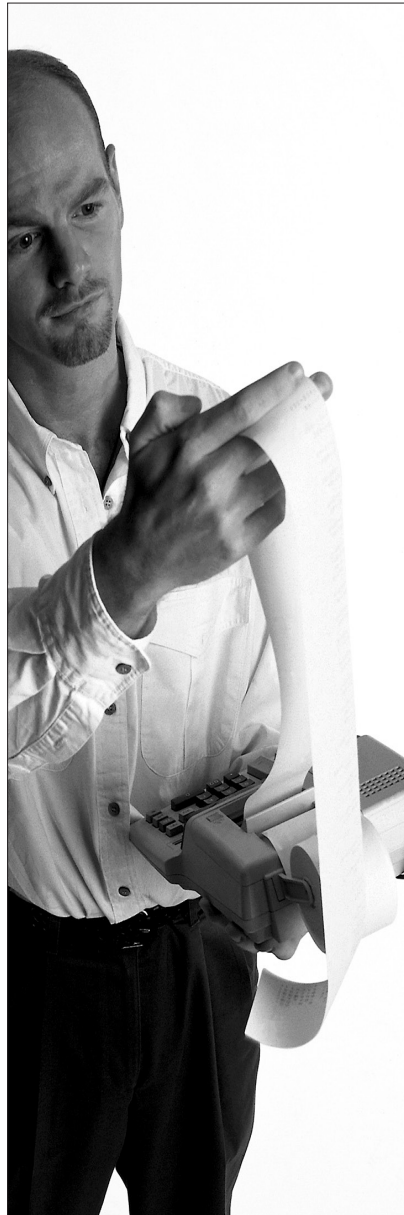
At the moment, unfortunately, no planes have been sold or even contracted to be sold, though Lufthansa says it might be interest-

ed in buying up to 60 — which would get Bombardier 60 per cent of the way to break-even output, though it doesn't say whether that's break-even for it alone or for all its "partners," too, for it's only putting up one-third of all R&D costs.

Governments and suppliers, some no doubt also aided by governments, are putting up the rest.

The language Bombardier used to describe how these "repayable investments" came about was also interesting: "Bombardier has received and accepted offers of repayable investments" from four governments (Quebec's, Canada's, Northern Ireland's and the U.K.'s). "Received and accepted." Sounds a bit regal,

“Well-paying jobs are great, especially for the people who have them. But 1,000 jobs are just 0.03 per cent of all the jobs in Quebec. Are these jobs really so key to the Quebec and national economies that taxpayers should pay up to \$467,000 per job to keep them?”



doesn't it? Bombardier didn't actually deign to ask for these "investments"? It just received the offers?

Maybe it did. When big companies don't really care where they make large investments they have local governments at their mercy. They probably don't have to ask for subsidies. The offers just come pouring in. In this case the main competitor for Quebec was Kansas City, Missouri, which offered a \$210-million package.

But does it truly not matter to Bombardier where the work is done? In explaining why the company ultimately chose Quebec, Premier Charest's office talked about Quebec's comparative advantage in aerospace production, its trained work force, its history of success, its 220 companies in the sector. But if you really do have a comparative advantage in an economic activity, you don't need to subsidize it. Regions that don't have such an advantage may have to subsidize to overcome their cost disadvantage. But if you have such an advantage, subsidies aren't necessary: the company would lose by leaving.

Both levels of government have been supporting Quebec's aerospace industry for at least 30 years now. Does that investment never become an asset companies can't possibly afford to pass up, rather than a hostage to subsidy, as in: "You've got a nice little industry here. You wouldn't want to lose it if we made our new airplane elsewhere."

What do Quebec and Canadian taxpayers get for their \$467 million? Bombardier says "we" get 1,000 well-paying jobs through 2013 and the possibility of up to 3,500 afterwards, if it can sell 3,150

airplanes.

Well-paying jobs are great, especially for the people who have them. But 1,000 jobs are just 0.03 per cent of all the jobs in Quebec. Are these jobs really so key to the Quebec and national economies that taxpayers should pay up to \$467,000 per job to keep them?

What would happen if our governments in-

“Both levels of government have been supporting Quebec’s aerospace industry for at least 30 years now. Does that investment never become an asset companies can’t possibly afford to pass up, rather than a hostage to subsidy, as in: ‘You’ve got a nice little industry here. You wouldn’t want to lose it if we made our new airplane elsewhere.’”

stead said “We don’t do subsidies anymore. Not even ‘re-payable investments.’ From now on we’re putting all the money spent on subsidies into lower tax rates for business” (which was actually the Conservatives’ platform in 2004). Bombardier’s workers might have to accept lower wages to keep their company here -- a sacrifice they naturally prefer taxpayers make.

In the end, Bombardier might actually leave, despite Quebec’s comparative advantage. But lots of other businesses would find a new, low-tax, hands-off regime very much to their liking. And governments wouldn’t have to keep inventing creative new synonyms for corporate welfare.■

William Watson teaches economics at McGill University. Originally appeared in the *Ottawa Citizen* July 22, 2008.



One L on & Expensive Good-

Sixty-six MPs were either defeated or resigned voluntarily prior to the October 14th federal election. But their relationship with taxpayers is far from over. Defeated and retiring members will have a soft landing thanks to gold-plated pensions and rich severance packages. Shed no tears for the departed dear taxpayer ... you'll be looking after them for years to come.

Thirty-five of these former MPs begin collecting a pension right away. Twenty-nine others have to settle for a measly severance cheque. And nine are lucky enough to a) qualify for a fat

pension, and b) are under 55 so they also qualify for a fat severance cheque. Talk about hitting the jackpot!

Severance totals come in just under \$2.4-million while pension benefits it to-

day's dollars total \$3.4-million annually. Indexed to age 75, 44

former politicians can expect to collect – wait for it – an estimated \$52-million in pension benefits.

Severance

Have you ever heard of a worker who voluntarily quits his or her job yet still gets a severance? Welcome to Ottawa! And it's not peanuts either. Most workers who qualify for a severance usually get two-weeks pay for



by Adam Taylor
National Research
Director

“Add in indexation and extra salary for additional parliamentary duties and your CTF calculates four MPs (Bill Blaikie, Andy Scott, Monte Solberg and Tom Wappel) can each expect to collect well over \$2-million in benefits to age 75. Twenty other outgoing MPs meanwhile, will graduate into the Million Dollar Pension Club.”



Bye...

each year of employment. But the real world is not the political world. Twenty-nine former MPs – not eligible to collect a pension within 6 months of leaving office – are entitled to 50 per cent of their pay in severance. Severance payouts range from a low of \$77,700 to a high of \$115,000.

Another Soft Landing

Departing MPs also receive a \$15,000 – non-receiptable and non-taxable – “allowance” to cover any “outstanding constituency business.” Further, all MPs who leave Parliament have the option of retaining their supplementary health and life insurance benefits.

Pension

MP compensation reform in 2000 was a double-edged sword. The then-Lumley Commission accepted a CTF recommendation for MPs to stop exempting a third of their incomes from federal and provincial income tax. However, this meant their pension benefits would now be calculated on the best five-year average salary-wise with

a base income of \$131,400 instead of \$69,000. MPs can earn up to a maximum of 75 per cent of their total MP salary in annual pension income and begin collecting at the ripe age of 55. In the real world, most people can only collect their pension at age 65. This shows once again that there’s one set of rules for politicians and another set for the rest of us.

Today, base pay for an MP is up to \$155,400. Add in indexing and extra salary for additional parliamentary duties and your CTF calculates four MPs (Bill Blaikie, Andy Scott, Monte Solberg and Tom Wappel) can each expect to collect well over \$2-million in benefits to age 75. Twenty other outgoing MPs meanwhile, will graduate into the Million Dollar Pension Club. And pensions are fully indexed for life meaning former MPs can thank taxpayers for their gold-plated pensions for the rest of their days.

The Need for Pension Reform

Your CTF supports a pension plan for MPs. But with MPs among the top two per cent of income earners in this country why should taxpayers contribute \$4 for every \$1 contributed by MPs

“Your CTF supports a pension plan

for MPs. But with MPs among the top two per cent of income earners in this country why should taxpayers contribute \$4 for every \$1 contributed by MPs to their own pension?”



to their own pension? It is time to bring parliamentary pensions in line with what most Canadians are entitled to and what your CTF campaigned successfully for in Alberta, Saskatchewan and Ontario where pensions have been reformed to a sensible matching contribution (dollar-for-dollar) RRSP-style plan. Its time for Ottawa to follow suit.■

Pension & severance payouts to retiring or defeated MPs October 2008 federal election

Member	Party	Constituency	Highest Position	Elected	Pension 2008 Value	Severance	Cumulative pension to Age 75*	Reason
Alghabra, Omar	Lib	Mississauga-Erind	Member	2006	n/a	\$77,700	n/a	Defeated
Barbot, Vivian	Bloc	Papineau	Comm. Vice-Chair	2006	n/a	\$85,550	n/a	Defeated
Barnes, Sue	Lib	London West	Parl. Secretary	1993	\$79,956	n/a	\$1,981,580	Defeated
Batters, Dave	Con	Palliser	Member	2004	n/a	\$77,700	n/a	Retired
Beaumier, Colleen	Lib	Brampton West	Parl. Secretary	1993	\$79,040	n/a	\$1,081,293	Retired
Bell, Catherine	NDP	Vancouver Isl N	Comm. Vice-Chair	2006	n/a	\$80,500	n/a	Defeated
Bell, Don	Lib	North Vancouver	Comm. Vice-Chair	2004	n/a	\$80,500	n/a	Defeated
Blaikie, Bill	NDP	Elmwood-Trans.	Dep Speaker	1979	\$122,224	n/a	\$2,669,440	Retired
Bonin, Ray	Lib	Nickel Belt	Com Chair	1993	\$78,976	n/a	\$882,056	Retired
Boshcoff, Ken	Lib	Thunder Bay-Rainy	Comm. Chair	2004	n/a	\$77,700	n/a	Defeated
Brown, Bonnie	Lib	Oakville	Parl. Secretary	1993	\$79,916	n/a	\$699,634	Defeated
Chamberlain, B	Lib	Guelph	Parl. Secretary	1993	\$76,709	n/a	\$1,901,092	Retired
Chan, Raymond	Lib	Richmond	Minister of State	1993	\$88,762	n/a	\$1,938,610	Defeated
Commuzzi, Joe	Con	Thunder Bay-Sup	Minister of State	1988	\$125,701	n/a	\$125,701	Retired
Cullen, Roy	Lib	Etobicoke North	Parl. Secretary	1996	\$67,647	n/a	\$1,012,945	Retired
Doyle, Norm	Con	St. John's East	Party Whip	1997	\$67,857	n/a	\$1,016,083	Retired
Emerson, David	Con	Vancouver Kings	Cabinet Minister	2004	n/a	\$115,961	n/a	Retired
Epp, Ken	Con	Edmonton-Sher	Dep House Leader	1993	\$78,745	n/a	\$506,668	Retired
Fitzpatrick, Brian	Con	Prince Albert	Comm. Vice-Chair	2000	\$34,612	n/a	\$518,283	Retired
Godfrey, John	Lib	Don Valley West	Cabinet Minister	1993	\$88,834	n/a	\$992,166	Retired
Gravel, Raymond	Bloc	Repentigny	Member	2006	n/a	\$77,700	n/a	Retired
Hanger, Art	Con	Calgary Northeast	Comm. Chair	1993	\$80,235	n/a	\$896,121	Retired
Harvey, Luc	Con	Louis Hebert	Member	2006	n/a	\$77,700	n/a	Defeated
Hearn, Loyola	Con	St. John's--Mt Pearl	Cabinet Minister	2000	\$42,915	n/a	\$479,311	Retired
Hinton, Betty	Con	Kamloops-Thomp	Parl. Secretary	2000	\$35,793	n/a	\$730,617	Retired
Hubbard, Charles	Lib	Miramichi	Parl. Secretary	1993	\$78,408	n/a	\$594,563	Defeated
Jaffer, Rahim	Con	Edmonton-Strath	Caucus Chair	1997	\$53,540	\$77,700	\$1,326,897	Defeated
Kadis, Susan	Lib	Thornhill	Comm. Chair	2004	n/a	\$77,700	n/a	Defeated
Karetak-Lindell, N	Lib	Nunavut	Parl. Secretary	1997	\$69,585	\$80,500	\$1,724,547	Retired
Keeper, Tina	Lib	Churchill	Member	2006	n/a	\$77,700	n/a	Defeated
Khan, Wajid	Con	Mississauga-Str.	Parl. Secretary	2004	n/a	\$77,700	n/a	Defeated
Maloney, John	Lib	Welland	Parl. Secretary	1993	\$79,331	n/a	\$1,085,279	Defeated
Manning, Fabian	Con	Avalon	Comm. Chair	2006	n/a	\$83,200	n/a	Defeated
Marleau, Diane	Lib	Sudbury	Cabinet Minister	1988	\$114,330	n/a	\$1,276,919	Defeated
Martin, Paul	Lib	Lasalle Emard	Prime Minister	1988	\$167,051	n/a	\$886,727	Retired
Matthews, Bill	Lib	Random-St. Georg	Parl. Secretary	1997	\$68,207	n/a	\$1,111,317	Retired
McDonough, A	NDP	Halifax	Leader of 3rd Party	1997	\$73,017	n/a	\$906,289	Retired

MP Pension and Severance Jackpot

Member	Party	Constituency	Highest Position	Elected	Pension 2008 Value	Severance	Cumulative pension to Age 75*	Reason
McGuire, Joe	Lib	Egmont	Cabinet Minister	1988	\$131,283	n/a	\$1,629,494	Retired
Mills, Bob	Con	Red Deer	Comm. Chair	1993	\$80,208	n/a	\$702,195	Retired
Nash, Peggy	NDP	Parkdale-High Park	Comm. Vice-Chair	2006	n/a	\$77,700	n/a	Defeated
Owen, Stephen	Lib	Vancouver Quadra	Cabinet Minister	2000	\$42,153	n/a	\$743,556	Retired
Pallister, Brian	Con	Portage-Lisgar	Comm. Chair	2000	\$35,405	\$77,700	\$877,453	Retired
Perron, Gilles	Bloc	Saint-Eust .St. Ther.	Member	1997	\$65,991	n/a	\$577,723	Retired
Picard, Pauline	Bloc	Drummond	Deputy Whip	1993	\$79,668	n/a	\$1,298,057	Retired
Priddy, Penny	NDP	Surrey North	Member	2006	n/a	\$77,700	n/a	Retired
Redman, Karen	Lib	Kitchener Center	Whip	1997	\$52,565	n/a	\$1,302,736	Defeated
Robillard, L	Lib	Westmound-Marie	Cabinet Minister	1995	\$73,435	n/a	\$1,004,610	Retired
Scott, Andy	Lib	Fredericton	Cabinet Minister	1993	\$95,573	\$80,500	\$2,368,607	Retired
Simard, Ray	Lib	Saint Boniface	Parl. Secretary	2002	\$28,700	\$77,700	\$711,286	Defeated
Skelton, Carol	Con	Saskatoon-Biggar	Cabinet Minister	2000	\$39,520	n/a	\$591,775	Retired
Solberg, Monte	Con	Medicine Hat	Cabinet Minister	1993	\$93,850	\$115,961	\$2,325,914	Retired
St. Amand, Lloyd	Lib	Brant	Comm. Chair	2004	n/a	\$80,500	n/a	Defeated
St. Denis, Brent	Lib	Algoma-Manitoulin	Parl. Secretary	1993	\$82,632	n/a	\$1,686,706	Defeated
St. Hilaire, C	Bloc	Longueuil-Boucher	Dep House Leader	1997	\$66,827	\$80,500	\$1,656,194	Retired
Steckle, Paul	Lib	Huron Bruce	Comm. Chair	1993	\$82,255	n/a	\$818,417	Retired
Stronach, Belinda	Lib	Newmarket Aurora	Cabinet Minister	2004	n/a	\$77,700	n/a	Retired
Telegdi, Andrew	Lib	Kitchener Waterloo	Parl. Secretary	1993	\$77,270	n/a	\$1,157,031	Defeated
Temelkovski, Lui	Lib	Oak Ridges Mark,	Comm. Vice-Chair	2004	n/a	\$77,700	n/a	Defeated
Thibeault, Robert	Lib	West Nova	Cabinet Minister	2000	\$43,131	\$77,700	\$1,068,930	Defeated
Thompson, Myron	Con	Wild Rose	Member	1993	\$77,704	n/a	\$242,560	Retired
Turner, Garth	Lib	Halton	Cabinet Minister	2006	\$33,800	n/a	\$642,608	Defeated
Valley, Roger	Lib	Kenora	Member	2004	n/a	\$77,700	n/a	Defeated
Wappel, Tom	Lib	Scarborough SW	Comm. Chair	1988	\$116,558	n/a	\$2,379,222	Retired
Williams, John	Con	Edmonton-St. Albert	Comm. Chair	1993	\$80,207	n/a	\$1,306,847	Retired
Wilson, Blair	Ind/Gr	W Vancouver-Sun.	Member	2004	n/a	\$77,700	n/a	Defeated
Zed, Paul	Lib	Saint John	Parl. Secretary	1993	\$34,827	\$77,700	\$863,131	Defeated

Total Annual Pension Payments: \$3,444,952

Total Severance Payments: \$2,359,972

Total Cumulative Pension Payments to age 75 (est): \$52,299,188

*Notes: In most cases severance payment is a lump sum equal to 50 per cent of the total sessional allowance plus any additional salary. Pension is based on best five years salary-wise multiplied by total accrual based on time served. A member must serve 6 years to qualify for a pension. A member who is over 55 is not eligible for a severance as s/he will immediately receive a pension. A member under the age of 55 is eligible for a severance even if he/she qualifies for a pension. *Indexation for inflation is calculated at 2 per cent per annum.*

Olympic-Sized Appetite Needs a Diet

The federal government has finally confirmed what most people assumed all along — the \$175 million 2010 Olympic security budget was a fantasy. The federal government now says the Games' security costs will be between \$400 million and — wait for it — \$1 billion. Keeping the athletes safe is important, no question there. The question is, however, where is that money going to come from?

Spiralling demands for more tax dollars, falling revenues and the Campbell government's balanced budget law mean Vanoc's Olympic-sized appetite needs a diet plan.

With the province on the hook for half of any amended security budget, provincial taxpayers may be on the hook for an additional \$412.5 million.

Maybe it's time to shelve stupid ideas like paying bureaucrats to volunteer. All the 'nice to haves' such as live sites, legacy funds, and art funds must be also revisited.

Vanoc's \$44 million employee bonus fund needs a second look, as does the \$45 million for the opening, closing and torch ceremonies.

There are lots of other places to cut. For instance, do we really need some undefined number of federal bureaucrats hanging around in B.C. for three months for "horizontal coordination?"

Budget choices are never easy, but the time for counting calories is now — drop the

Beijing-sized dreams. This two-week amateur sporting event needs downsizing.■



Olympic security costs keep marching higher. Estimates range from between \$400 million and — wait for it — \$1 billion.

Demographic Tsunami

Calvin Helin is a forward thinking British Columbian. The recent book by the Aboriginal lawyer, writer, and entrepreneur, *Dances with Dependency, Out of Poverty Through Self-Reliance*, is earning praise in Canada and abroad.

Helin argues Aboriginals in Canada are in self-destruct mode because of government policy — namely the *Indian Act*. Your CTF was one of the first organizations to advocate for its elimination. As Mr. Helin points out, the Aboriginal community has fallen into a social safety hammock that does no one any good — not the people it purports to help, and not the people who have to pay for it.

Mr. Helin suggests we are headed toward a "Demographic Tsunami" whereby our native population explodes while our economy implodes unless we reframe our mindsets and empower Aboriginal children to seek and make their own opportunities instead of expecting and waiting for them.

"Every welfare check eats a bit at a man's soul!" says Helin. He represents a new generation of Native leaders who are looking to put an end to government dependency and replace it with a return to self-reliance. He, along with the likes of Joseph Quesnel, who is a regular contributor on these pages, are to be commended.■

Lobbyist Registry

The Campbell government introduced its Lobbyists Registration Act (LRA) with much fanfare when it first came to office. Yet, all the Act did was establish a place where people who think they might be lobbying can sign up. It needs to be more.

The registrar of lobbyists, David Loukidelis, only investigates lobbyists and their activities when someone complains. That's how Ken Dobell was investigated for his activities last year. Dobell was successfully investigated because he agreed to cooperate. Not all do, though.

If the person being investigated, such as Patrick Kinsella, who was election campaign co-chairman for the B.C. Liberal Party in



by Maureen Bader
British Columbia Director

2001 and 2005, declines to cooperate, Loukidelis' hands are tied. This is in fact what has happened.

As a result, Mr. Loukidelis now says "my general policy will now be to decline to investigate complaints until I have the mandate to do so under the [LRA]."

Lobbying is a legitimate activity. Citizens have the right to communicate with politicians. But citizens also have the right to know who is trying to influence their government. As your CTF pointed out in an opinion piece recently published in the *Vancouver Sun*, transparency is important — if deals appear to be made behind closed doors for the benefit of those with influence, people lose confidence in the system.■

Cracks in the carbon tax

Your CTF was the first to point out that BC's carbon tax is not revenue neutral for families because offsetting income tax cuts do not take into account municipalities that simply pass their cost increases along to consumers and ratepayers.

Desperate to shelve criticism of his carbon tax, the premier has offered to reimburse municipalities provided they sign onto the Climate Action Charter and commit to become carbon-neutral by 2012. That means each municipality will have to somehow measure all the greenhouse gases emitted from all their buildings and vehicles, then reduce those emissions down to zero, or buy carbon offsets.

Is there a cost to that? Well, of course! Municipali-

ties will have to hire more bureaucrats to measure and monitor greenhouse gas emissions. If buildings and vehicles have to be upgraded or purchased before the end of their useful lives, costs will be higher than anticipated. Other bureaucrats will be trading "hot air" credits and finding trees to plant someplace. Bottom line: higher costs for municipalities means



“Bottom line: higher costs for municipalities means higher taxes for homeowners.”■

higher taxes for homeowners.

The premier is getting squeamish. He may wax tearfully about how the carbon tax will mean a better future for his grandchildren; but staying in government will be better for him. Don't be surprised to see more convoluted municipal-like exemptions. The wheels are happily falling off the carbon tax bandwagon in British Columbia — stay tuned.■

Corporate welfare still doesn't work

It's no secret the Alberta government lost billions of tax dollars in the 80s and 90s through loans and loan guarantees to private companies. Thankfully, during the Klein revolution of the mid-90s — and constant harassing by your Canadian Taxpayers Federation — these corporate welfare programs were ended. Unfortunately, recent moves by the current Alberta government suggest a return to some of these failed policies.

Hundreds of millions of taxpayers' dollars were either invested in, loaned, or guaranteed to companies like Millar Western, Al-Pac, Glacier Ammonia, Myrias Research, Peace River Fertilizers, Alert Disaster Control, Nanton Spring Water, Ski-Free Marine, Norstar Recreation Products and countless others.

Predictably, the losses started adding up: NovAtel (\$646-million), Gainers (\$209-million) and MagCan (\$164-million) to name a few.

Shortly after Premier Klein took office, his government took a decidedly — and welcome — new course: corporate welfare doesn't work, and governments have no business being in business. In fact, he passed the *Business Financial Assistance Limitation Act* in 1996 which prohibits new loans and guarantees from being issued without passage of specific legislation, ensuring full public debate. Since then, Alberta has been a shining ex-



by **Scott Hennig**
Alberta Director

ample for the rest of Canada as to why it is always the best policy to avoid corporate welfare.

However, over the past year, the corporate welfare bug has found its way back into the water fountains at the legislature.

The Alberta Enterprise Corporation is a new Crown that will administer \$100-million for venture capital. Essentially, the goal is to help start-up technology companies grow and expand in Alberta.

While governments using tax dollars for venture capital funds is not a new phenomenon in Canada, the results are not very positive for taxpayers.

A May 2008 report by three researchers in the Sauder School of Business at the University of British Columbia showed that government sponsored venture capital funds tend to crowd-out private investors, have lower returns than private venture capital funds, and create less innovation.

Just ask taxpayers in Manitoba. The now defunct Crocus Investment Fund lost \$30-million provincial tax dollars, \$72-million in federal and provincial tax credits and handed 34,000 investors significant losses. Of course when the Venture Capital Fund got started in 1992 it trotted out all the usual verbiage about economic diversification and growth, home-grown start-ups blah, blah, blah.

Whether it is start-up tech-

“A May 2008 report by three researchers in the Sauder School of Business at the University of British Columbia showed that government sponsored venture capital funds tend to crowd-out private investors, have lower returns than private venture capital funds, and create less innovation.”

nology companies or any other business, if they are good investments and there is money to be made, private investors will follow and government investment is not needed. If

an investment opportunity is not good enough for private dollars that should be a clear sign that it is not good enough for taxpayer dollars either.■

Taxing powers back on the agenda in Alberta's cities

In winter 2007, Calgary Mayor Bronconnier, Edmonton Mayor Mandel, and the heads of the Alberta cities association (AUMA) and rural municipalities association (AAMD&C) authored a report calling for the provincial government to give municipalities the right to levy a raft of new taxes.

At the time, the Canadian Taxpayers Federation estimated the new taxes would cost a family of four an additional \$911 each year, and called on Ray Danyluk, the Minister of Municipal Affairs to reject the request.

Premier Stelmach also got into the debate by smartly suggesting that the mayors hold plebiscites during their fall municipal elections to see how much support their call for new taxing powers had.

Of course, neither Mandel nor Bronconnier put the question on the ballot during the fall 2007 elections.

In fact, both mayors renounced their previous call for new taxing powers during their fall election campaigns.

Only days before the October 15, 2007 vote, Edmonton Mayor Stephen Mandel said: "Looking at taxing authorities is really a moot topic. It's not something at this point in time that's front and centre in my mind."

Calgary's mayor was even more vociferous in his renouncement: "We are not pushing for those. The City of Calgary is not seeking new taxes."

Both mayors were overwhelmingly re-elected with massive majorities. No doubt assisted by their last-minute conversion on the unpopular new taxing powers request.

Fast forward to Summer 2008 and low and behold, both mayors are once again asking for new taxing powers.

In Edmonton, Mayor Mandel has

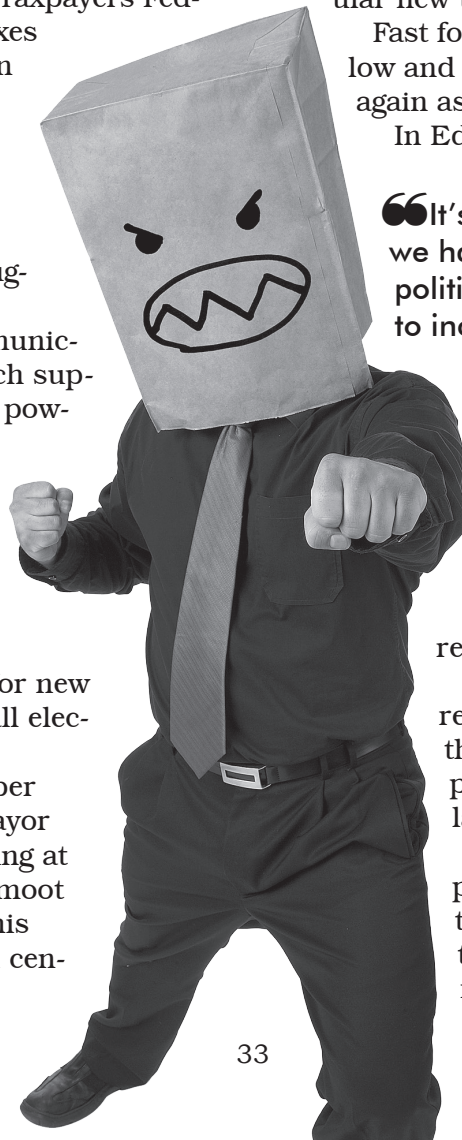
asked city council to give him approval to meet with the premier to discuss the potential for a hotel tax, an entertainment tax, a vehicle registration tax, and

“It's bad enough we have two politicians who want to increase taxes, but it's even worse that they lied to their citizens about it during the last election.”

rental car tax in Edmonton.

In Calgary, Mayor Bronconnier recently voted in favour of asking the province to give the city the power to introduce a 1 percent land transfer tax.

It's bad enough we have two politicians who want to increase taxes, but it's even worse that they lied to their citizens about it during the last election.■



Taxes & debt going down

On October 21, Premier Brad Wall announced substantial income tax relief and debt repayment.

Not since the provincial tax reforms of 2000 have Saskatchewan taxpayers had so much to celebrate.

For the current tax year, the basic personal exemption and spousal exemption will rise from \$8,945 to \$12,945. This means every taxpayer can earn an additional \$4,000 tax-free and therefore save \$440. This removes 80,000 low-income earners from the current 454,000 on the tax rolls.

Although broad-based tax relief is preferable, many will still benefit from targeted tax breaks for low-income earners and parents. The child tax credit will rise by \$2,000 per child to \$4,795. This means that a working family with two children can earn \$41,300 without paying provincial income tax—the highest amount in Canada.

PST tax credits for lower income individuals will increase from \$108 to \$216, while families with two children will get \$600, up from \$378. Currently, 270,000 benefit from



by Lee Harding
Saskatchewan Director

“For the current tax year, the basic personal exemption and spousal exemption will rise from \$8,945 to \$12,945. This means every taxpayer can earn an additional \$4,000 tax-free and therefore save \$440.”

the tax credit, but a rising low-income cutoff means that more than 300,000 will benefit in the future.

As well, the province has earmarked an additional \$1 billion toward the provincial debt, lowering it by a total of \$2.6 billion this fiscal year. By March 31, 2009 the debt will drop to \$4.2 billion, the lowest level since 1988. This will save \$900 million in interest payments over the next five years.

For years, the CTF has pressed for aggressive debt repayment and a substantial rise in the basic personal exemption. This summer, CTF supporters were especially vocal, since

Premier Wall had asked for input regarding what to do with windfall revenues. The result was a victory for CTF supporters and a victory for all Saskatchewan taxpayers.

Although this is a welcome first step, the CTF will continue to press for a \$15,000 basic exemption with a single tax rate of 11 percent, as we have done since 2003. Given that Alberta enjoys a single rate of 10 percent, with more than \$16,000 earned tax-free, improving Saskatchewan's competitive position remains a work in progress.■

The Urban Reserve

A gas bar is set to be the first business on Regina's first urban reserve. On March 14, eleven lots

at the 1100 block of Angus became an extension of the Piapot reserve. Tax-free reserve status is good news for Piapot but bad news for other gas bars in the city.

A municipal service agreement means the City of Regina will recoup most of its tax dollars. However, in Saskatchewan, half of the property tax bill goes to school boards, and Piapot will never have to pay this. Comparisons with properties across the street suggest that after Piapot fully develops its new land with a gas bar, grocery store, pharmacy, and other ventures, their exemption from school taxes will be worth more than \$40,000 each year.

Status Indians earning income on reserves don't have to pay income tax or Canada Pension Plan deductions. A full-time wage earner working all year for \$9.25 an hour would pay \$2,576 less income tax and \$952 less in CPP. After EI deductions, the Status Indian would have \$18,907 in his pocket. Someone across the street with the same wage would take home just \$15,379. With no employer contributions for CPP, Piapot is a happy employer also.

Moreover, reserve businesses are exempt from sales taxes for goods and supplies delivered to their shop on reserve land, including utilities. This means products can be resold at a cheaper price. It also facilitates the bizarre loophole that allows a Status Indian to buy a car on reserve tax-free. Car dealers, who once had to drive

out of Regina to exchange keys with a native buyer, can now do so at the inner-city reserve.

The tax-free gas bar means that every competitor has effectively lost the Aboriginal market. Tobacco and gasoline are heavily taxed products, but again, not for Status Indians who buy their products on reserve. It's not hard to see where Regina's 17,000 aboriginals — nine per cent of the population — will line up for smokes and gas.

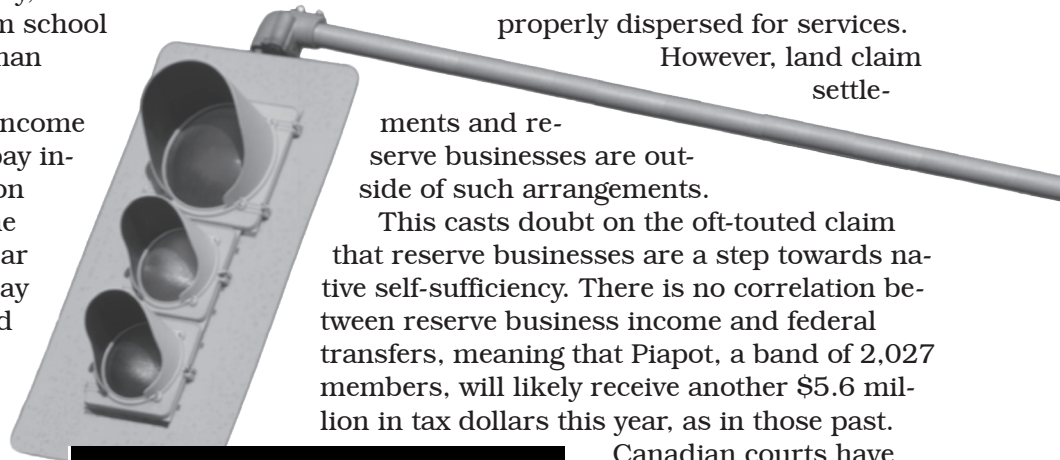
Piapot has been in third-party management since the mid-1990s. This step is only taken by the federal government as a last resort to ensure that tax dollars entrusted to them are properly dispersed for services.

However, land claim settle-

ments and reserve businesses are outside of such arrangements.

This casts doubt on the oft-touted claim that reserve businesses are a step towards native self-sufficiency. There is no correlation between reserve business income and federal transfers, meaning that Piapot, a band of 2,027 members, will likely receive another \$5.6 million in tax dollars this year, as in those past.

Canadian courts have continually confirmed that no treaty ever granted perpetual tax exemption. Instead, our current race-based tax policy is a by-product of the Indian Act. This tax exemption pre-dates many of the treaties, not to mention income taxes, social programs, Medicare, and even Aboriginals being allowed to vote. If Aboriginal and non-Aboriginal Canadians are to walk together in the 21st Century, fair treatment and equitable taxation is a necessary foundation.■



Sask First Nations tobacco/fuel tax refund

Year	Tobacco	Fuel	Total
2000-01	\$3,099,000	\$3,617,000	\$6,716,000
2001-02	7,150,000	7,605,000	14,755,000
2002-03*	25,154,000	8,713,000	33,867,000
2003-04	30,951,000	10,483,000	41,434,000
2004-05**	37,600,000	11,001,000	48,601,000
2005-06	44,514,000	12,631,000	57,145,000
2006-07***	46,154,000	13,269,000	59,423,000
2007-08	52,301,000	14,770,000	67,071,000

* Tobacco tax rate increase eff. Mar 28/02 from 8.6 cents per cig/gr

Manitoba CTF Victory FILE



Over the past couple of months, your CTF has racked up a couple taxpayer victories putting some bite behind our watchdog bark.

Grim Future for Subsidized Tarot Card Readings

This past summer, your CTF received a tip that a government-funded family services agency used tax dollars to pay for tarot card readings, manicures, pedicures, massages and make-up lessons for its staff.

After filing a freedom of information request, the CTF learned that \$2,292.81 worth of services were provided during a “work-



by **Colin Craig**
Manitoba Director

thousands of dollars spent on salaries during Spa Day; some quick CTF watchdog work ensures there won't be any further Spa Days “on the clock” again in the future.

City's Ship Sunk

This past summer, the CTF learned that the City of Winnipeg operates a “River Interpretive Boat Tour” service. The little boat tour operation runs up and down the Red River and competes with private sector companies currently providing similar services.

It probably won't come as a shock, but the little operation has lost money in each of the last six years. Yes, that's right, the same government that routinely claims it is “cut to the bone” has been out losing money on running a service that has nothing to do with its core responsibilities as a civic government.

After obtaining the financials of the operation, the CTF calculated a loss of over \$43,000 in the last six years alone.

In a billion dollar budget, it's easy to see how small activities like this fly below the radar. However, it is symbolic of the integrity of a department that routinely claims it's “cut to the bone.” Your CTF brought this service to the mayor's attention and was pleased to receive his commitment to discontinue the service.■

shop” (known to staff as “Spa Day”). Your CTF met with Family Services Minister Gord Mackintosh to discuss the issue. During the meeting, we were told that as a result of filing the information request with the department, alarm bells went off! The agency was subsequently told it could not use tax dollars for such activities. Further, it has now been forced to go out and fundraise in order to recoup the costs.

Although taxpayers will not recover the

“After filing a freedom of information request, the CTF learned that \$2,292.81 worth of services were provided during a ‘workshop’ (known to staff as ‘Spa Day’).”



Manitoba

Completely out-of-touch

with everything but your money

After weeks of stock market turmoil and global economic uncertainty, the NDP and Liberals did the unthinkable and voted to give their parties approximately \$1.3 million tax dollars.

It seems they were too busy filling their own coffers with tax dollars to notice local announcements of business closures and Manitobans expressing concerns about economic uncertainty.

The \$1.3 million of political party welfare was set in stone through the passage of Bill 37. The bill grants political parties \$5 for each vote received in the 2007 provincial election. Over a four year period, this amounts to approximately \$1 million for the NDP and \$260,000 for the Liberals.

Your CTF made a presentation at the legislature's committee hearings for this bill. Although the CTF and a majority of other presenters argued that political parties should have to earn voluntary donations, amendments that came forward from the government left the political welfare scheme largely intact.

Your CTF then prepared a presentation and met with Manitoba's Conflict of Interest Commissioner. The CTF argued that the funding

scheme represented a conflict of interest for all MLAs. First, asking MLAs to vote on giving their parties tax dollars is a little like asking them to decide their own salaries. It doesn't work.

Second, the funding scheme completely discriminates against independents as it is designed to give tax dollars to political parties.

Finally, the party that tabled the bill (NDP) stands to gain the most from the legislation as it's based on the results from the 2007 election. That's a little like placing a bet today on last year's Grey Cup game.

Unfortunately, the government voted in favour of the funding scheme without waiting for a decision from the Conflict of Interest Commissioner. Obviously that begs the question – why have a Conflict of Interest Commissioner if you're not prepared to listen to him?

To their credit, the provincial Progressive Conservative Party listened to your CTF's concerns and not only voted against the subsidy, but announced they will not accept the \$800,000 they are entitled to.■

“To their credit, the Provincial Progressive Conservative Party listened to the concerns raised by your CTF and not only voted against the subsidy, but announced they will not accept the \$800,000 they are entitled to.”



Tearing Up Transparency

The government claims Bill 31 improves transparency of government activities. They're partially right. While the bill includes a provision to reduce the secrecy of cabinet documents from 30 years to 20 years, it takes a step backwards when it comes to activities that involve Aboriginal reserves.

Although reserves are the responsibility of the federal government, there are various provincial agreements involving provincial Crowns and gaming for example. Under the guise of treating reserves like other governments, the provincial government now has the right to refuse to disclose information that pertain to aboriginal reserves.

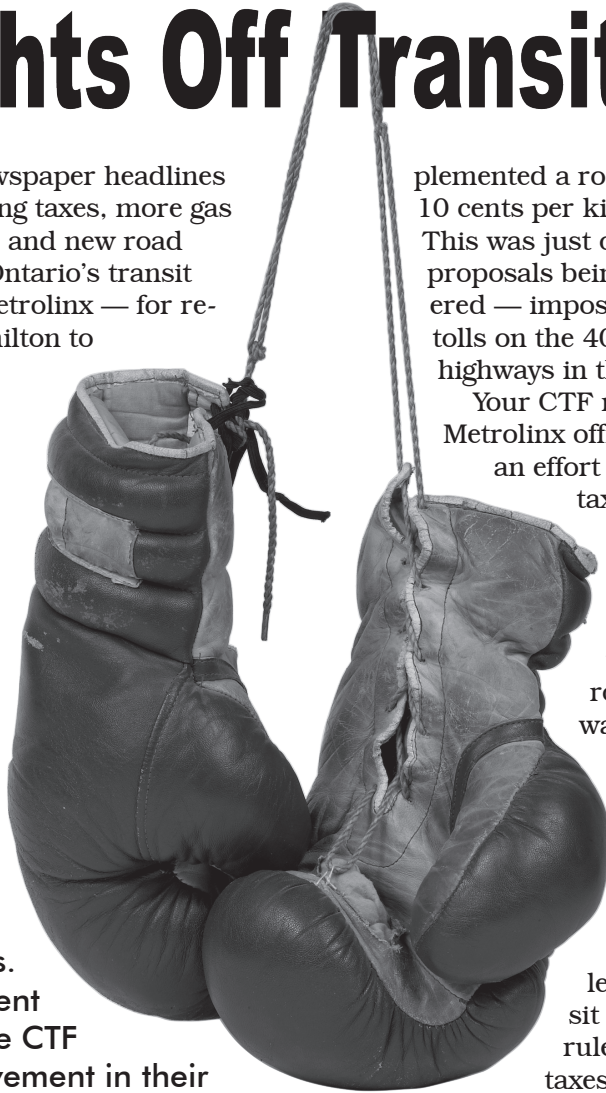
The CTF led a coalition that opposed the legislation and met with Minister Eric Robinson to discuss the matter. Unfortunately, his mind could not be changed. Only time will tell what impact the bill will have.■

CTF Fights Off Transit T

This past summer newspaper headlines warned of new parking taxes, more gas taxes, extra user fees and new road tolls, being considered by Ontario's transit planning organization — Metrolinx — for regional expansion from Hamilton to Peterborough.

"Got an extra \$268 a month?" stories asked. That's what it would cost Hamilton-to-Toronto commuters to take the highway to work if the province im-

"It was welcome news then when Metrolinx released its \$50 billion transit plan for the region. It ruled out any new fees, new taxes or road tolls for the next five years. At their announcement they thanked the CTF for its involvement in their deliberations."



plemented a road toll of 10 cents per kilometer. This was just one of the proposals being considered — imposing road tolls on the 400 series highways in the region.

Your CTF met with Metrolinx officials in

an effort to head off these new

tax schemes. We argued that, currently, the province only reinvests half of its \$4 billion in gas tax and vehicle registration revenues back into roads, bridges and highways. Increasing those taxes and creating new ones is the wrong approach when taxpayers already pay too much and fuel costs are high.

It was welcome news then when Metrolinx released its \$50 billion transit plan for the region. It ruled out any new fees, new taxes or road tolls for the next five years. At their announcement

they thanked the CTF for its involvement in their deliberations. Your CTF will continue to set clear guidelines around when and how, new fees, tolls and taxes might be imposed.

Existing gas tax revenues must be 100% allocated to roads, bridges and highways, as it is by legislation in other parts of the country, before any consideration is given to new fees or tolls.■



by Kevin Gaudet
Federal Director

Ontario's 'Fairness' Campaign

Premier McGuinty's government spent 50,000 provincial tax dollars during the federal election to lobby the federal government to give Ontario more federal tax dollars. They did so through a so-called 'fairness campaign'. McGuinty argues he should have more taxpayer money to spend in Ontario because, he says, Ontario doesn't get enough from the feds.

This campaign is not only wasteful. It is ridiculous. The only unfairness out there is the unfairness between governments and taxpayers not between one level of government and another. It's as though in Premier McGuinty's world, federal taxpayers are somehow different from provincial taxpayers. Politicians seldom look sillier than when they argue amongst themselves about which of them should have more of our money to spend on their pet projects.■

WINNING Gold in the deficit race

After having been one of the last governments in Canada to balance its books and only having achieved three thereafter, Ontario is now racing to be the first back into red ink. In the Fall Economic Statement Premier McGuinty announced Ontario will suffer a \$500 million deficit. This, despite having increased taxes and having seen government revenues climb 42% in five years. The premier is borrowing today so taxpayers of tomorrow will pay for his bad spending habits.

The 2008/09 budget set spending at \$95.4 billion with a reserve of \$800 million. Despite a

“The only reason Ontario is going into deficit is because the Premier refuses to stick to his budget targets.”



slowly growing economy, spending has yet grown again and will be \$96.3 billion — \$900 million over budget. The only reason Ontario is going into deficit is because the premier refuses to stick to his budget targets. This government has blown past budgeted spending targets in every one of its budgets to date and has

increased program spending by more than 50% in five years. That is why Ontario is back in the red.

Ontario is already up to its necks in debt and the premier is digging us deeper. He should stop the digging and exercise spending restraint. The debt load already is \$13,102 for every man, woman and child in Ontario. Interest payments on the province's debt amount to \$1.4-million an hour!

Your CTF has long been calling for laws limiting spending to no more than the combined rate of inflation and population growth. Had the premier followed our advice, the budget would be balanced.■

Playing Games with Deficits

After having failed in efforts to lure an Olympics or World Expo to Toronto, governments are lining up to make a bid for the 2015 Pan Am Games. Taxpayers will be asked by all three levels of government; municipal, provincial and federal to cough up some \$1.8 billion dollars for such a venture. Of course, that is only the initial cost estimates. As taxpayers in British Columbia backstopping the 2010 Winter Olympics are quickly learning, these extravaganzas will cost several-fold the original estimate.

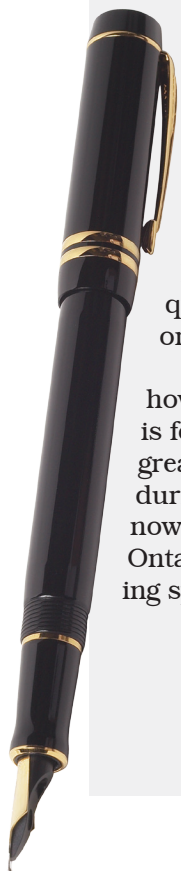
Predictably, the same old arguments are being trotted out about how wonderful this would make Ontario feel and how important it is for youth to have healthy role models. These arguments sound great but are irrelevant. Governments need to tighten their belts during tough economic times. With the province running a deficit, now is not the time to drop this kind of money on games to make Ontarians 'feel good'. If you're concerned about your tax dollars being spent right now on Games contact:

Premier Dalton McGuinty

Main Legislative Building, Room 281, Queen's Park,
Toronto, ON, M7A 1A1

dmcguinty.mpp.co@liberal.ola.org

Ph: 416-325-1941 Fax: 416- 325-3745



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